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WORLD NEWS

Strike impact on flights will worsen

A strike by French air traffic controllers threatens to delay thousands of British holiday-makers leaving for Mediterranean destinations.

The industrial action, due to end on Wednesday morning, is likely to lead to a cumulative breakdown in air traffic control computer capacity.

Japan PM rules out post-election Prime Minister. Toshiki Kaifu said he had no plans for a general election and wanted reform of the electoral system.

Syrians renew bombing. Syrian gunners renewed bombardment of Lebanon's Christian areas after a brief lull in 14 hours of devastation that killed at least 27 people.

Drive against poll tax. Labour stepped up its campaign against poll tax, claiming that some people on income support could have nearly all that benefit clawed back to help pay any arrears.

Drugs flight foiled. Police recovered 270kg of cocaine with an estimated street value of \$28m (£17m) after watching an aeroplane drop it into the Caribbean 24 miles off Puerto Rico.

Hotels' sludge claim. Hoteliers in the Italian resort of Riccione are claiming damages from the north Lombardy local authority because slime on local beaches has driven tourists away.

Kidnap charge. Three people were charged in Denmark with taking part in a plan to kidnap the son of a Swedish businessman and demand a £15m ransom.

Ulster boy's funeral. Schoolfriends of Seamus Duffy, 15, killed by a plastic bullet on Wednesday, carried the coffin to his Belfast funeral.

Sri Lanka dispute. Sri Lanka pulled back from confrontation with India over troop withdrawals but insisted that the Indian Peacekeeping Force must leave before the end of the year.

Down comes £27.50. Grouse on the menu at the Ritz in London will cost £27.50 today at the start of what promises to be a poor season.

Heading for a record. A Pole has broken his own world record by bouncing a tennis ball on his head for 45mins - 17 minutes longer than his previous best.

BUSINESS SUMMARY

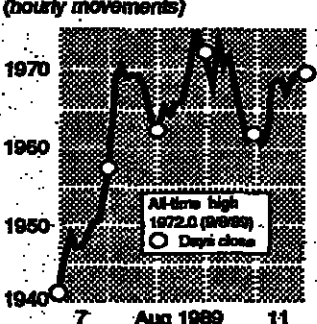
Two setbacks for leveraged buy-outs

BANKERS TRUST yesterday said it had stopped trying to syndicate the \$332m loan used to finance the management buy-out of Magnet, UK home products retailer.

A further setback for UK leveraged buy-outs came when Ward White, which is facing a \$500m bid from fellow retailer Boots, said it was dropping attempts at constructing a rival leveraged buyout.

FT ORDINARY share index ended the week 28.6 up at 1,969.6. It had closed last week at an all-time high of 1,940.8 and this week hit three consecutive all-time closing highs, reaching a peak of 1,972.0 on Wednesday.

FT Index



Wednesday. Yesterday, market indices moved sharply in both directions, following developments on economic fundamentals and also in the takeover arena, which had dominated investment attention this week.

BAT INDUSTRIES: Share price of the tobacco-based conglomerate dropped 27p to 639p as the political and regulatory row continued over the £13.5bn hostile bid from the Hoylelake consortium headed by Sir James Goldsmith.

ABBEY NATIONAL: More than 365,000 shareholders who have not received their certificates in the recently floated bank should receive replacements within the next few days.

RECHEM Environmental Services: Share price of the company at the centre of the storm over importing toxic waste to the UK fell 10 per cent to 839p.

BLUE CIRCLE Industries, UK cement and home products company, posted its formal £195.7m offer for Myson, boiler and radiator manufacturer.

UNILEVER: Anglo-Dutch consumer products group, reported a 14 per cent rise in interim pre-tax profits.

MERRILL LYNCH, Wall Street securities firm, is selling its residential property unit, which is also involved in executive relocation, to Prudential Insurance Company of America in a deal worth more than \$300m (£190m).

ASEA BROWN Boveri, Swiss-Swedish electrical engineering multinational, has offered to buy and restructure CCC, Spain's biggest electricals group.

BRITISH ALCAN Rolled Products announced 240 redundancies at its plant in Newport, Gwent, following heavier-than-expected losses in the first half of this year.

SOUTH AFRICA stopped non-resident foreigners from using the financial rand exchange rate to buy residential property. The financial rand effectively halved the buying cost compared to the commercial rand.

Central bank intervention fails to halt rise in dollar

By Peter Norman, Economics Correspondent

WELL-PUBLISHED central bank intervention yesterday failed to halt a sharp rise in the dollar after official data suggested that the US continues to enjoy steady growth while inflationary pressures ease.

The revival of support for the dollar was flanked by early strength in the US stock market, where the Dow Jones Industrial Average briefly touched a new all-time high, and strength in US bonds. Both US equities and bonds fell in later trading, but not before events in the US had helped boost sentiment on the London Stock Exchange.

In spite of a growing number of brokers' reports warning that London equities are overvalued, the UK market advanced in late trading. Yesterday's 6.9 point gain in the FT-SE 100 share index, to 2,354.2 was taken as a sign that the recent advance in share prices, which this week brought the index to well within 100 points of its all-time trading high, would carry over into the new account, starting on Monday.

However, it was the US that provided the stimulus and focus for activity on financial markets. News that the producer price index fell 0.4 per cent in July, its biggest fall since 1986, while previously sluggish retail sales advanced by 0.9 per cent "provided something for everybody", according to Mr Gerald Holtham, chief international economist for Shearson Lehman Hutton in London.

An early rally in US stocks and bonds came as analysts interpreted the figures as supporting the increasingly dominant view that the US economy is headed for a soft landing.

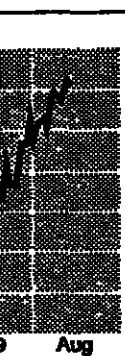
The subsequent sell-off was attributed to the view that the US Federal Reserve will keep monetary policy on hold. The combination of continued growth and reduced inflationary pressures means that the central bank has little need to nudge interest rates lower. That was the justification cited for the dollar's strength yesterday.

It was against that confusing picture that up to a dozen central banks, headed by the US Federal Reserve, launched a well-publicised round of co-ordinated dollar sales. According to European central bank officials, the scale of intervention was "modest", suggesting that dollar sales were in the low hundreds of millions of dollars.

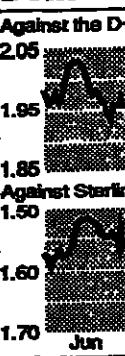
However, it was the first overt move by the central banks to influence the dollar since the middle of June and also involved the West German Bundesbank, the Bank of England and most other European central banks as well as the Bank of Canada.

Although the central bank continued on Page 22 US producer prices, Page 2; Money Markets, Page 11; World Stock Markets, Page 12

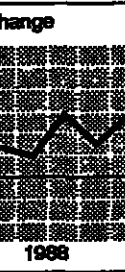
Dow Jones



Dollar in London



US producer prices



Annual percentage change

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Although the central bank continued on Page 22 US producer prices, Page 2; Money Markets, Page 11; World Stock Markets, Page 12

BTR faces takeover speculation

By Clay Harris

BTR, the UK-based conglomerate, yesterday became the latest corporate giant to face takeover speculation after it revealed Kohlberg Kravis Roberts, the US leveraged buy-out specialist, had signalled an intention to buy up to 15 per cent of its shares.

Last night, BTR was valued at more than £7.7bn after its shares jumped 35p to 454p, after trading as high as 496p. Sir Owen Green, BTR chairman, was determined yesterday to play down the possibility of a hostile bid for his company. He preferred to look positively towards a possible partnership between KKR's financial clout and BTR's management expertise, describing this as a "very intriguing combination".

"If there's a price for BTR, they could pay it," Sir Owen said. "But it's my impression that it would not be in their interest." Sir Owen, BTR chief executive Mr John Cahill and Mr Henry Kravis, KKR's founding partner, have met several times in New York recently.

Indeed, analysts in London suggested KKR's backing could enable BTR to make a dramatic return to the takeover market itself, probably in the US, although some British candidates were also mentioned. BTR has avoided hostile bids since abandoning a fiercely resisted offer for Pilkington, the glassmaker, early in 1987. However, it has been seeking a US counterpart to BTR Nylon, the 62 per cent owned Australian subsidiary which has provided most of the group's growth by acquisition in recent years.

Mr Simon Hayes of James Capel said: "Of the three options - passive investment, precursor to a bid and collaboration - I think the latter is by far the most likely." Sir Owen did not rule out a possible financial restructuring of BTR itself, to improve returns to shareholders. "Something I think all corporations should be examining."

KKR, which bought US tobacco and food group RJR Nabisco earlier this year for a record \$26bn, welcomed BTR's "receptivity" but declined to elaborate on its intentions. But it stressed that it had never mounted a hostile bid.

It is rare for KKR to take a stake in a company not already embroiled in takeover speculation. Continued on Page 22

Lex, Magnet and BAT deals, Page 22

Mr Derrick Fullick, Aslef general secretary, said London Underground had inflamed feelings by briefing staff inaccurately on the settlement.

He believed London Underground's threat to dismiss workers would sour talks on further improvements in pay for drivers in return for productivity improvements. Worry over pay, Page 5

Organisers of wildcat strike action on the London Underground were angry that the rail unions Aslef and the NUR settled for an initial weekly increase of £16.73 in drivers' earnings on top of this year's pay rise of 8.75 per cent.

However, they predicted yesterday that any meeting of train drivers and guards to be held in London on Monday would not call for further unofficial action. The prediction came after London Underground announced it would suspend from duty any driver or guard taking strike action next week. All those suspended would then be given a disciplinary hearing, and probably dismissed.

The managers said they were prepared to hire drivers to replace any dismissed and to speed up the normal two to three-month period of training for new drivers to minimise disruption. However, they said they would not single out for discipline those organising the strikes in defiance of the rail unions. Mr Denis Tunncliffe, managing director, said the corporation did not want to create martyrs.



Sir Owen Green yesterday: looking towards a partnership

London Underground strikers are threatened with dismissal

By John Gapper, Labour Correspondent

THE END of disruption on the London Underground seems likely after managers yesterday threatened to dismiss any drivers or guards who failed to work normally next week.

The hardening of London Underground's stance came as the Government expressed growing concern about the series of high pay settlements in the public sector, culminating in the 8.8 per cent deal for 740,000 local white-collar staff on Thursday evening.

Mr David Hunt, Minister for Local Government, said a continuation of settlements such as those at British Rail, London Underground and the BBC could lead to inflation rising towards 15 per cent.

Ministers are worried that settlements in the recent wave of industrial disputes will push up the rise in average earnings, running at 9.25 per cent for most of this year, with no compensating gains in productivity.

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De Klerk calls talks over Botha rift

By Patti Waldmeir in Johannesburg

SENIOR members of South Africa's ruling National Party were summoned yesterday to an emergency meeting to resolve a bitter leadership dispute between President P.W. Botha and his potential successor, Mr F.W. de Klerk.

The call followed the announcement on Thursday that Mr de Klerk would meet Zambian President Kenneth Kaunda in Zambia on August 28. Mr Botha reacted to the news with an extraordinary public rebuke to Mr de Klerk, making clear that the visit did not have presidential permission, although Foreign Minister Mr P.K. Botha had indicated previously that it did.

The latest demonstration of tension between the two men comes less than four weeks before general elections on September 6. Mr Botha, who stepped down as party leader six months ago because of ill health, has already been involved in two contentious incidents involving relations with the party.

He refused to attend a public dinner given by party officials in his honour, and, more significantly, failed to keep the party fully abreast of his plans to meet Mr Nelson Mandela, jailed leader of the banned African National Congress.

The President's terse statement about Mr de Klerk's Zambian visit said that he was "not aware, in terms of the rules governing overseas journeys by ministers, of the discussions to be held on 28 August as announced by Dr Kaunda."

"This flatly contradicted an earlier statement by Foreign Minister P.K. Botha indicating that the meeting had been agreed "after consultation with the state president."

Mr de Klerk reacted to the confusion last night by issuing a statement saying: "It appears there may possibly be a misunderstanding." He added that he had called an urgent meeting of all available ministers.

The episode has overshadowed the significance of the meeting itself, at which Mr de Klerk is expected to outline his plans for constitutional reform. The focus of the talks may prove to be the issue of negotiations between Pretoria and the banned African National Congress. The organisation is believed to have prepared a paper which advocates a negotiating process similar to that adopted in the Namibian independence talks.

Weekend FT



A BURNING QUESTION

Nobody can agree on the best way to handle toxic waste. To help cast light on this murky issue, Peter Knight tells a story of four people - a director of an ICI division; a man who wants to build a £20m incinerator in the Tees estuary; and an unemployed marine engineer and his wife who just happen to live nearby

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Minding Your Own Business Kieran Cooke finds three Irish entrepreneurs Page VI

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Sport Racing: The roaring whoosh of money, by Michael Thompson-Noel, plus Philip Coggan on soccer Page XVI

MARKETS

Table with columns for Sterling, Dollar, Stock Indices, and Gold.

Table with columns for Dollar, US LUNCHTIME, and US LUNCHTIME.

Table with columns for Stock Indices, FT-SE 100, FT Ordinary, FT-A All Share, FT-A long gilt yield, Index high coupon, New York LUNCHTIME, DJ Ind. Av., Tokyo close, US LUNCHTIME, S&P 500, 5-yr Treasury Bill, Long Bonds, and Yield.

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B.A.T. LINE advertisement with phone number 0800 444 930 and text 'You've read Hoylelake's offer document. A phone call could help you to see things more clearly.'



OVERSEAS NEWS

Producer price index falls 0.4% in July

By Anthony Harris in Washington

THE US producer price index for finished goods fell 0.4 per cent in July, its biggest fall since 1986, the Department of Labor said yesterday. At the same time, the Department of Commerce published an estimate that retail sales, which have been sluggish, rose 0.9 per cent in the month.

Both figures were strongly influenced by events in the car market. Strong sales incentives accounted for half the fall in finished goods.

Analysts fear that the effect will be reversed this month, when car prices will not have dropped as much as usual. The rest of the fall was due to weakness in food and energy prices.

Prices earlier in the production chain continued to encourage hopes that inflation is on a downward trend. Crude goods prices rose only 0.2 per cent, after falling 2.0 per cent in June. This index was boosted sharply early this year by rises in food and energy materials. Raw material prices apart from food and energy fell by 1.5 per cent in July.

The prices of partly processed goods fell by 0.2 per cent for the second successive month; food and energy had no net effect on the index, since although energy prices fell by 1.3 per cent in the month, food prices reversed an earlier fall of 1.5 per cent.

Paradise will soon be lost for disconsolate Contras

News of demobilisation has been received with mixed confusion and resentment, Tim Coone reports

FOR the past eight years, Paradise has been the home to the Contras - the US-backed Nicaraguan rebels. El Paraiso, as it is known in Spanish, is a southern province of Honduras which neighbours Nicaragua.

Here, jagged, pine-covered mountains border deep valleys. Chubby pigs root in the undergrowth. Coffee bushes and the buzz of chain saws give clues to the principal economic activities of the human inhabitants. The day's sordid heat is followed by the cool air of the night. Starlight alone can light up one's path.

From their base camps hacked out of the jungle in this Garden of Eden, the Contras, or the Resistencia Nicaraguense (RN), have launched their hit-and-run missions into Nicaragua, returning for rest under the protection of the Honduran army and US forces stationed further north in the country.

But by December, the camps are to be dismantled and the Contras disarmed under the agreement signed by the five Central American presidents earlier this week at the Tela summit. Paradise is to be no more for them.

The camps themselves do not evoke images of milk and honey. The troops live in make-shift huts made of wooden frames. A few have wives or girlfriends living with them. Most do not.

Most have not left the camps for the past 18 months since the withdrawal of the bulk of the Contra army from Nicaragua and the cut-off of US mili-

tary aid. Pep talks and gossip help alleviate the boredom. Amid this, the sudden prospect of peace and demobilisation has arrived like a bombshell.

At the principal camp, known as Yamsies, where the bulk of the Contra forces have languished for the past 18 months, the news has been received with a mixture of confusion and resentment, bolstered with bravado and defiance.

Commandante "Modesto" is an earnest-looking 23-year-old in charge of 600 men, who left his father's cattle ranch six years ago to join the Contras. Of the Nicaraguan Government's recent political reforms which clinched the demobilisation agreement, he says: "We don't trust that they will keep their promises."

"We won't surrender our arms until there is democracy in Nicaragua. . . I shall not return while (the Sandinistas) are in power."

Asked whether he would continue to fight if the Sandinistas win in free and fair elections, he said: "I can't answer that. It is too confusing."

Oscar Sobalvaro, better known as Commandante "Ruben," one of the five military chiefs of staff of the RN, said: "There is a lack of confidence on the part of the combatants. We first want to see that the Sandinistas comply with what they have signed."

"Demobilisation should come after the elections. I don't understand why the opposition parties agreed to the demobilisation. I don't know to what

extent they are taking us into consideration."

On the day before the Tela summit, the 20 opposition parties in Nicaragua agreed to the demobilisation proposal in return for political reforms.

A serious lack of understanding of what is going on in Nicaragua is all too apparent within the Contra camps. Information is limited to what the leaders allow to be disseminated. As one soldier, a robust 70-year-old man said: "We don't know what is happening. We cannot leave the camps."

Journalists are accompanied everywhere by a "minder." Interviews with troops are closely scrutinised by officers, who distrust even the political leadership of the RN.

The visit last month of six Contra field commanders to Washington to meet State Department officials and US Congressmen was at the behest of the State Department.

As one battalion commander said: "We wanted to get our point of view across, which we felt was not being done by our existing leadership."

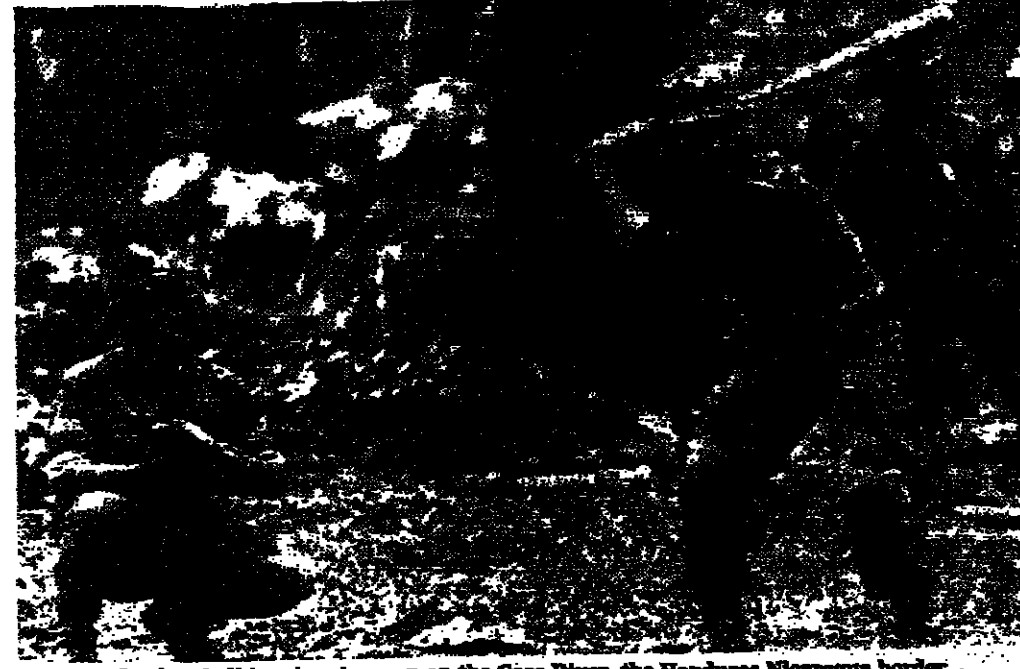
Col Enrique Bermudez and Col Adolfo Salero, who at US instigation took control of the RN last year, deposing moderates and breaking off peace talks with the Nicaraguan government, are themselves now being side-stepped. Nine "commandantes," including the six who visited the US last month, have this week been granted refugee status in the US.

According to the US Embassy spokeswoman in Tegucigalpa, this is to enable them to travel freely and to negotiate directly with the Nicaraguan government on the terms of demobilisation and repatriation.

"We are open to talks. We are not opposed to demobilisation but we want to see what the guarantees are," said Commandante Ruben. But he warned: "If we are forced to disarm, we will take our weapons into Nicaragua, not to disrupt the elections, but to oversee them."

Nicaraguan Government officials said at the Tela summit that they are prepared to discuss "technical details" of repatriation with the Contras, but that any attempt by them to enter Nicaragua with their weapons would be met by force. "We will finish them off," said General Joaquin Cuadra, the chief of staff of the Nicaraguan army.

Between now and early December, demobilisation must be complete under the summit agreement. For those wishing to vote in next February's elections, and many of



Contras play baseball in a jungle camp on the Coco River, the Honduras-Nicaragua border

the Contras and refugees living in Honduras do, they will have to return to Nicaragua.

Their dilemma is clearly one of confidence. According to one peasant farmer who has lived in a Honduran refugee camp for the past five years, having abandoned his farm in northern Nicaragua, an area similar to El Paraiso: "If the Sandinistas don't keep their promises we shall have left the camp here and we will not be able to come back." For him at least, Paradise would appear to be a relative concept.

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Hopes rise for release of Briton in Iran

By Victor Mallet

HOPES rose yesterday for the release of Mr Roger Cooper, the British businessman jailed without trial in Iran since 1985, when his family disclosed that he had been permitted to make a long telephone call to his daughter and learn of the death of his 95-year-old mother at first hand.

Mr Cooper's family welcomed the "humanitarian gesture" of the Iranian authorities - which allowed him to hear the news direct rather than on the radio or from a prison guard - and appealed for him to be freed for the funeral.

In another positive sign this week, the Tehran Times reported that Mr Cooper had translated and praised a poem by the late Ayatollah Khomeini. His translation and critique were published and referred to favourably in the newspaper.

His family recently received two letters from Mr Cooper, who is incarcerated in Tehran's Evin prison. He said in one of the letters: "I try to stay optimistic and keep telling myself that this cannot go on for ever, but I no longer convince myself."

US accuses Bulgaria

The US yesterday accused Bulgaria of repressing its Turkish minority and violating human rights obligations, AP reports from Washington.

"The US feels very strongly that the government of Bulgaria must meet its human rights obligations, cease the religious and social persecution of its ethnic Turkish minority and provide an orderly departure with dignity and personal property for those who wish to leave Bulgaria," said Ms Margaret Tutwiler of the State Department.

Israeli detention period extended

The Israeli authorities yesterday extended from six months to one year the period Palestinians from the occupied territories can be held without trial, High-Carney writes from Jerusalem.

Mr Yitzhak Rabin, Defence Minister, and military chiefs have for some time been trying to shed some of the legal restraints on their suppression of the Palestinian intifada, or uprising, in the West Bank and Gaza Strip which has now been going on for more than 20 months.

Chile candidate endorsed

Mr Hernan Buchi, Chile's former Finance Minister, has emerged as the only pro-government candidate to succeed right-wing military President Augusto Pinochet, AP reports from Santiago.

Mr Sergio Jarpa, a veteran conservative politician and Mr Buchi's main rival, withdrew from the race on Thursday. Mr Jarpa, president of National Renewal, the nation's largest conservative party, has given Mr Buchi his endorsement.

Three on Mendes murder charge

A judge in a backwoods Amazon town indicted a cattle rancher, his son and a local gunman for last December's murder of internationally-known Amazon union leader and ecologist Chico Mendes, AP reports from Rio de Janeiro.

Cattle rancher Daril Alves da Silva was indicted for ordering Mr Mendes' murder, and Mr Jander Pereira and Mr da Silva's son Darcy for carrying it out.

Thirteen die in Kurdish raid

Kurdish guerrillas yesterday raided five hamlets in south-eastern Turkey, killing 13 people and kidnapping 22 villagers, AP reports from Istanbul.

The News Agency said three rebels were killed and two were wounded in the attacks on Thursday night.

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Bundespost faces three competitors

By David Goodhart in Bonn

THE West German Bundespost may soon face competition from at least three different companies in nationwide data transmission following the liberalisation on July 1, according to industry sources.

The three companies believed to be planning such systems are Info AG, BFG Bank and a Siemens subsidiary, Bascom. British Telecom could also enter the market through a subsidiary of the recently acquired Tymnet.

A further indication that the private sector is gearing up to take advantage of the new opportunities to compete comes in the announcement that the Matuschka financial services group is planning to organise a consortium of 40 to 50 smaller companies to bid for the potentially lucrative licence for the private-sector mobile telephone system.

Matuschka, in combination with various big international concerns, will be one of seven bidders for the contract.

Mr Christian Schwarz-Schil-

ling, the Post Minister, yesterday presented the Bundespost's annual report showing profits slightly down at DM2.2bn (715m) and turnover up to DM22.5bn. The letter and parcels service recorded a deficit of DM2.28bn and the telephone service a profit of DM4.5bn (although telecommunications overall produced a profit of only DM2.72bn). Investment was more than DM18bn.

The annual report revealed that the number of telephones acquired in 1988 had risen 135 per cent to a total of just under 200,000. Telephones are one of the most widely liberalised parts of the telecom system, although some control on the inflow of machines from Japan is being considered by the EC.

The Post Minister confirmed that the telecommunications arm of the Bundespost would soon be opening offices in Washington, Tokyo, Paris, London and Brussels, as part of its drive to modernise and internationalise.

Syrians renew Beirut bombing

SYRIAN gunners renewed their bombardment of Lebanon's Christian areas yesterday after a brief lull in 14 hours of devastation that killed at least 27 people, Reuter reports from Beirut.

The Syrians poured artillery and rocket fire into several Christian residential neighbourhoods, some of it aimed at the presidential palace where Christian army chief Gen Michel Aoun has an underground bunker.

Hospital sources said at least 27 people were killed and some 125 wounded in battles which erupted on Thursday and raged until dawn yesterday.

Parts of Beirut looked as if they had been hit by a tornado. Streets were littered with fallen trees, broken glass, twisted power pylons, burned-out cars and other debris.

Roads in both sectors of the divided capital were crisscrossed with rubble and shell holes. Broken furniture from bombed-out apartments was scattered everywhere and the acrid smell of burning filled the air.

An Arab League committee comprising the heads of state of Saudi Arabia, Algeria and Morocco has declared defeat in

two months of mediation to end the carnage.

"Politically all doors are closed. There is nothing except fighting and killing; the fighting will get out of control by the end of the summer," one pro-Syrian politician said.

Thursday's fighting was among the worst since battles flared five months ago when Gen Aoun declared a "war of liberation" against Syria's estimated 40,000 troops, deployed in Lebanon since 1976.

At least 600 people have been killed since mid-March and more than 2,500 have been wounded.

Hungarians and Poles recant

By Our Foreign Staff

HUNGARY and Poland yesterday openly censured the Soviet-led invasion of Czechoslovakia on August 21, 1968. Their moves are likely to deepen the rift between Prague and its reform-minded neighbours.

The Warsaw Pact invasion which quashed the Prague Spring, the reform movement which attempted to create "socialism with a human face" in the Soviet satellite of Czechoslovakia, was denounced in Nepszabadsag, the Hungarian daily, and by the Solidarity-dominated Polish Upper House or Senate.

"It is obvious today that the decision to move the military into Czechoslovakia in 1968 was essentially wrong," wrote Mr Imre Stokas, deputy head of Hungary's department for international affairs.

Mr Szokol also confirmed remarks made by Mr Alexander Dubcek, Czechoslovakia's former party leader who spearheaded the Prague Spring, who recently gave a remarkably frank interview to Hungarian television.

Mr Dubcek has said that Mr Janos Kadar, the former Hungarian party leader, "had been divided until the last minute" over whether to join in the invasion.

All Warsaw Pact countries except Romania sent troops into Czechoslovakia.

Meanwhile, the Polish Senate said: "This intervention was a violation of the inalienable right of every nation to self-determination and its natural striving for democracy, freedom and the respect of human rights."

The public condemnation, which takes place just nine days before the 21st anniversary of the invasion, follows bitter exchanges between the Hungarian and Czechoslovak leaders over the nature of the reforms taking place in Eastern Europe. The Czechoslovak leadership is unenthusiastic about the pace of political reforms in Poland and Hungary.

Mr Radek, the Czech party daily, yesterday warned that the authorities would use force against "anti-socialist" elements if unofficial demonstrations were to take place tomorrow week.

Ban fails to halt strikes in Estonia

AT LEAST 16,000 workers stayed away from their jobs in Estonia yesterday despite a ban on strikes in the small Soviet republic who are not ethnic Estonians.

The thousands of non-Estonian workers, in their third straight day of strikes, were protesting at a new election law they claim discriminates against residents of the small Soviet republic who are not ethnic Estonians.

The official news agency Tass put the number of strikers in Tallinn, the Estonian capital, at 16,000, with 26 enterprises affected. Strikes were also reported in the mining town of Kohtla-Jarve.

The Estonian leadership, in a statement published yesterday, "self-critically acknowledged that it failed to take into account fully the growth of national consciousness among the non-Estonian population of the republic," Tass reported.

But they also criticised strike leaders for trying to stir up inter-ethnic strife and intimidate the non-Estonian population, it said.

The Estonian parliament issued a ban on all strikes on Thursday, but strike leaders said that they considered the move illegal and they had no plans to call a halt to the walk-outs.

The protest by non-Estonians was sparked by a new law passed by the Estonian parliament on Tuesday that tightens residency requirements for voting and holding elected office.

Solidarity talks 'positive'

By John Lloyd

TALKS in Warsaw yesterday between Solidarity and the parties which had supported the Communists in a governing coalition - the United Peasants Party and the Democrats - were said to have been "positive."

The talks, conducted by the secretaries of the three parties' executive committees - Mr Jaroslav Kaczynski for Solidarity, Mr Bogdan Krolewski for the UPP, and Mr Tadeusz Ryzyszewicz for the Democrats, will continue.

They come as General Caslaw Kiszczak, the Communist Prime Minister, continues to search for a cabinet. He has so far failed to woo any Solidarity figures into a coalition government.

Mr Bronislaw Geremek, the leader of the Solidarity group in the Sejm (parliament), said on Italian television that a Solidarity-led government could contain Communist reformers and offer approved in the Solidarity deputies' group earlier this week.

Solidarity's daily, Gazeta Wyborcza, said yesterday the group had proposed Mr Lech Walesa, the movement's leader, for Prime Minister. Tens of thousands of Solidarity supporters celebrated a one-hour strike in Mszczyn, a suburb of Gdansk yesterday in protest against rising food prices.

West Germany plans 3% annual rise in public spending

By David Goodhart

THE West German cabinet intends to raise public spending by an average of 3 per cent a year from 1991 to 1993, after the slightly higher than expected 3.4 per cent increase next year.

The spending plans will go before the Bundestag in September and should be passed, possibly amended, before the end of the year.

A spending increase of 3.3 per cent is planned for 1991;

the figure should then fall to 2.3 per cent in 1992 and 1993.

The federal budget deficit is scheduled to fall from a peak of DM83.7bn (310.9bn) next year to DM26.6bn by 1993. Among the assumptions built into these sums are an annual Bundesbank profit of DM7bn, annual privatisation revenue of DM1bn and a reduction in subsidies from DM14.5bn to DM11.5bn.

Hostage offer from Hizbollah

By Victor Mallet

THE spiritual mentor of Hizbollah, the Iranian-funded "Party of God" believed to be behind the kidnapping of Westerners in Lebanon, offered yesterday to help release the hostages if the West pressed Israel to free Arab prisoners.

"Let us get to an agreement together so that each side uses its own means and influence to end the crisis of the hostages, all hostages, and resolve the problem of Arab prisoners," Sheikh Mohammed Hussein Fadlallah said in a Friday sermon at a Beirut mosque.

"I am ready to help free the Western hostages provided that Western countries help release Lebanese and Palestinian prisoners in Israel," he said. The White House in Washington described the statement as "interesting."

The fundamentalist Hizbollah has issued confusing signals since Israel abducted a Hizbollah leader in southern Lebanon on July 28, triggering off the latest round of the hostage crisis. One of the kidnapers believed to be linked to Hizbollah said it had handed Lt Col William Higgins, an American hostage, while another offered Israel an exchange of Mr Joseph Clippio for Arab captives.

As if to underline the disparity in Hizbollah ranks, another cleric, Sheikh Sobhi Tofaili, yesterday rejoiced in the death of Higgins and ruled out negotiations with Israel in a speech in Baalbek.

In Beirut, thousands of pro-Iranian Shia Moslems commemorated the martyrdom of the Prophet Mohammed's grandson, Imam Hussein bin Ali, by trampling on US and

New head named for French state TV

By George Graham in Paris

FRANCE'S national broadcasting council has named a new head for the country's state TV network.

Mr Philippe Guilhaume, head of Societe Francaise de Production, the state-controlled film and TV production company, will take over as chairman of both Antenne 2, the main state channel, and FR3, the regional network.

The appointment was welcomed almost universally by politicians and TV employees. It comes at a crucial time for French state television, which has been losing viewers at a worrying rate to the private sector channels.

At the same time, the decision was viewed as an important test for the Conseil Supérieur de l'Audiovisuel (CSA), the new broadcasting council set up to replace the earlier body created by the right-wing government.

The CSA did not choose either of the two candidates viewed as the government's favourites, instead selecting a man not seen to be overly

Suspected US spy becomes media star

By Peter Riddell, US Editor, in Washington

MR FELIX BLOCH, the senior State Department official suspected of spying for the Soviet Union, has given a new twist to the espionage story. He has turned into a media star.

Initially, Mr Bloch, a former deputy head of the US Embassy in Vienna, went into hiding after ABC News revealed three weeks ago that he had been put on leave pending inquiries by the Federal Bureau of Investigation.

But this week, on his daily walks with his terrier Mephisto, Mr Bloch has started talking to members of the bizarre circus of reporters, television camera crews, FBI agents and even, apparently, KGB officials who follow him around.

The only subject off limits is the FBI inquiry. The US Government has not so far brought

charges, despite reports that there is a videotape of Mr Bloch passing a briefcase in Paris to a Soviet agent, who was later apparently monitored giving the US diplomat a telephone warning that he was under suspicion.

Instead, Mr Bloch talks of his days in Vienna, the opera there, his education and the interest of the media, with whom he confesses to have developed "a real symbiotic relationship."

On Tuesday, he went for a 22-mile walk trailed by the media caravan, partly, he said, to outlast the media and the FBI. But, he later complained, his followers cheated. "They rode part of the way. They rented bikes. They may even have been in a helicopter overhead."

However, even the resilient

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High Low	Company	Price	Change	Yield %	P/E	
241	295	Am. Brs. Ind. Ordinary	31	-10.3	3.3	9.2
39	28	Armature and Rhodes	40	-	-	-
41	25	B&B Design Group (US)	31	-1	2.1	9.0
121	149	Borden Holdings (US)	260	+2	2.7	34.7
124	105	Burford Group (Pr. S&I)	124	0	6.7	5.4
123	95	Bry Technology	95	0	5.9	6.2
110	105	Brenhill Corp. Prf	105	0	11.0	10.5
124	100	Brenhill (US)	104	0	11.0	10.6
305	285	CCI Group Ordinary	288	0	14.7	5.1
176	168	CCI Group 11% Com. Prf	168	0	14.7	8.8
215	140	Carlini PLC (US)	215	0	7.5	3.5
110	109	Carve 7 1/2% Prf (US)	110	0	10.2	9.4
7	5	Magnet GP Non-Voting B Corp	6.75	-	-	-
5	3.5	Magnet GP Non-Voting B Corp	3.5	-	-	-
113	119	4th Group	120	0	8.6	4.2
146	58	Jackson Group (US)	123	0	3.6	2.9
322	261	Multihouse NV (AmSD)	285	-	-	-
145	98	Robert Jenkins	145	0	10.0	6.9
467	403	Scoville	403	0	18.7	4.0
290	270	Tony & Carfite	299	0	9.3	3.2
117	100	Tony & Carfite Corp Prf	114	0	10.7	9.4
122	92	Trevelyan Holdings (US)	100	0	2.7	2.7
133	106	Ulsterbank Europe Corp Prf	133	+1	9.3	7.0
375	355	Veterinary Drug Co. Ltd	390	0	22.0	5.6
590	327	W 5 Years	340	0	16.2	4.8

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Bloch: bittersweet jokes

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OVERSEAS NEWS

# Sri Lanka pulls back from brink on troop pull-out

By David Housego in Colombo

SRI LANKA yesterday pulled back from confrontation with India over troop withdrawals but insisted the Indian Peace-keeping Force must leave before the end of the year. Mr Ranjan Wijeratne, the Foreign Minister, told MPs he was sure the withdrawal "could be speeded up further with goodwill and understanding." He suggested the two sides should meet half-way, allowing Indian soldiers to go with honour.

Talks broke down a week ago with Sri Lanka insisting on withdrawal by December while India proposed a timetable that would have the 45,000 troops out by February. The Sri Lankan government thus seems to be looking for a compromise date, the end of the year, in line with the timetable agreed earlier this year between the two governments.

Mr Wijeratne's conciliatory tone came in sharp contrast to the ultimatum served on India in June and July. This heavy-handed approach came under attack from the opposition in parliament and in private from some ministers.

Mr Wijeratne sought to reassure India about the safety of the Tamil population in the

north and the effective functioning of the northeast provincial council. He seemed to endorse Indian Prime Minister Rajiv Gandhi's proposals for a conciliation committee in which all Tamil groups would participate. He also spoke of building "bonds with India that cannot be pulled apart."

The Sri Lankan change of heart brightens the prospect for a detailed agreement with India, but it by no means removes all the hurdles. The greatest of these is that the more Sri Lanka compromises with India, the greater the risk of antagonising the Tamil Tigers, the armed separatist movement in the north.

President Premadasa had reached an understanding with them on the basis of an immediate ceasefire and withdrawal by India. Mr Wijeratne made no mention of a ceasefire yesterday, implying that Sri Lanka is moving closer to the Indian position of a limited ceasefire to be extended if the Tigers participate in the proposed reconciliation committee. They oppose this because it would include Mr A.V. Perumal, the Indian-backed chief minister in the north whom they regard as a quisling.

# China turmoil yet to hit trade with Hong Kong

By Michael Murray in Hong Kong

TRADE between Hong Kong and China flowed smoothly in June despite the turmoil in Peking, with Hong Kong government figures showing imports up 32 per cent over the same month in 1988, while exports rose 15 per cent.

The figures also show that despite a slowdown in economic growth, Hong Kong's merchandise trade still grew by 24 per cent in the first half of 1989.

Over the past few years Hong Kong has been rediscovering its entrepot role, and China-linked re-export business has been making up an increasingly large slice of

exports, both because Hong Kong provides the major port for southern China and also as a result of the many Hong Kong-owned factories being set up in Guangdong province.

During the first half domestic exports to China grew by 28 per cent to HK\$20.5bn, while imports from China leapt by 34 per cent to HK\$38.4bn. China bound re-exports rose by 35 per cent to HK\$22.6bn.

Most Hong Kong growth forecasts for 1989 have been downgraded since June 4, but predictions for real growth still hover around 5 per cent for the year, following growth of 7 per cent last year.

# Japan's trade surplus falls again

By Ian Rodger in Tokyo

JAPAN'S merchandise trade surplus tumbled 16.5 per cent to \$5.9bn in July, on a year-on-year basis. It was the third consecutive month of decline and added to the evidence that the pace of structural change in Japan's economy is accelerating.

Exports grew only 1.1 per cent to \$28.4bn while imports jumped 8.1 per cent to \$17.4bn on a customs cleared basis, according to figures published yesterday by the Ministry of Finance.

The merchandise trade surplus with the US dropped 15 per cent to \$3.8bn, as exports rose only 1.5 per cent to \$3.1bn and imports from the US soared 21.9 per cent to \$4.2bn. Exports to the European Community dropped 3.5 per cent to \$3.5bn while imports rose 7.5 per cent to \$2.2bn, resulting in a surplus of \$1.3bn.

Economists in Tokyo said the import figures were flattered slightly by the weakening of the yen in recent months. However, oil imports were sharply down in comparison to a technical surge in the same month last year in advance of tax changes.

The most encouraging element in the figures was the sharp increase in machinery imports. Total imports of machinery were up 29.9 per cent to \$2.8bn. "This may reflect the difficulties that domestic manufacturers are having meeting demand, so companies are turning to foreign suppliers," Mr David Pike of UBS Phillips and Drew in Tokyo said.

There are also strong hints of self-restraint being applied by Japanese exporters in some of the figures. Exports of motor vehicles dropped 5.3 per cent to \$1.2bn and exports of videotape recorders were down 4.2 per cent to \$12.9bn. On the other hand, semiconductor exports remained very strong, rising 17 per cent to \$1.3bn.

On a seasonally adjusted basis, the merchandise trade surplus for July was \$5bn, down from \$5.1bn in June.

On a year basis, exports in July reached ¥3,312.8bn, up 9 per cent, while imports jumped 17.5 per cent to ¥2,465.7bn.

# Chukka sahibs play polo atop the world

Christina Lamb watches a free-for-all tournament high in the Hindu Kush

EVERY year or so, villagers from all over what is now northern-most Pakistan make the trek up 12,500 ft to the Shandur Pass, often taking two weeks by foot and horseback, for the world's highest polo tournament.

Polo, the world's oldest ball game, came from Iran to the Indian sub-continent in the 5th century BC as "poloor chaugar." In the states of Chitral and Gilgit, the "game of kings" was sponsored by royalty but played by anyone who could beg or borrow a horse.

When the British colonised India, they discovered the game in two outposts, Manipur in the Eastern Himalayas and Chitral-Gilgit among the mountains of the Hindu Kush and Karakoram. They civilised it and called it polo. Today, life in every village in the mountainous region of Chitral and Gilgit revolves around the polo field, all work stopping whenever a year is in progress.

The yearly tournament up the Shandur Pass wedged among the peaks of the Hindu Kush and the Hindu Raj, and dividing Chitral and Gilgit, is the highlight of the season, played between three teams comprising the best players of both regions.

Alam Khan, an ardent Gilgit supporter, has never missed a match despite having several times been wounded by a ball or mallet flying into the crowd. He thinks this may be his last trip. "There is no road from my village and the journey is taking me longer each time. This year it took 10 days."

Among the several thousand that make the often treacherous trip, there are no women. Alam Khan jokes: "This is a chance to get away from my wives. Besides, this is real



This is polo with no rules, resembling rugby on horseback

polo, not the namby-pamby game you Westerners play."

This is polo with no rules, resembling rugby on horseback as players try to push each other off their steeds or grab the ball with their hands. Played on a ground grazed by sheep, known because of the height as the "Moonlit Ground," beside a glaciated lake and circled by snowcapped peaks, the spectacle is worth the 10-hour trip from the nearest town of Chitral.

The players take two weeks preparing for the altitude, gradually moving their horses to greater heights. The match was late this year and fell in the rainy season, a miserable icy drizzle peryading everything. But the excitement of

those who had made the trek could not be dampened, as they sat perched around fires or in tents dotted across the slopes, drinking endless cups of tea and debating their teams' chances.

The beat of drums echoing through the mountains announced the start of the first day's play. Silence fell as the players assembled in midfield and the ball was flung into the centre by Makhdub Alam Khan, a 70-year-old who has been throwing the ball at Shandur since 1962 - a task usually reserved for village elders or honoured guests.

A few stray sheep were cleared from the pitch and the match was under way, a small but noisy pipe-and-drum band

striking up a discordant tune. The band played throughout, the rhythm quickening with the speed of the game.

The first match passed off uneventfully, Chitral losing badly 9-2 despite having the crowd on their side. Gilgit supporters had been delayed by the collapse of a bridge on the way up the pass.

During the next match, excitement mounted. A cow which had run onto the pitch was dragged off unwillingly, but a donkey was allowed to join the fray. The game was fast and furious, a favourite tactic being to deflect the ball off a low wall so the match would spill over into the spectators.

If a horse or player is taken

off hurt, the opposite number from the other side must also retire. By half time, both sides were three players down, Chitral having lost one player and two horses, one of which died of heart failure, his carcass dumped in the lake.

Chitral could only scrape two goals against Gilgit's 10. While faces of the Chitral players were downcast, the Gilgit team went wild, players dancing on their horses and being carried aloft by adoring mobs.

Having suffered two successive defeats, morale in the Chitral camp was low, though they still expected great things of their first team in the main match.

On the day of the Grand Final, the surrounding peaks were visible for the first time. The air of expectation among the audience had little to do with the impending arrival of Pakistan's Prime Minister to watch the match. Several spectators said they had never heard of Benazir Bhutto, and some seemed shocked to learn both that they had a woman premier and that she was attending the tournament. "Polo is a man's game," grumbled one.

Arriving in a convoy of helicopters, Ms Bhutto was seated on the verandah of the pavilion of the Chitral Scouts who help organise the match, looking uneasy at the preponderance of photos of her enemy and predecessor, the late President Zia who inaugurated the pavilion on his last visit in 1986.

The final score: Gilgit 9, Chitral 5. The Gilgit captain brandished the huge silver cup and the night was given to dancing and feasting before the long trek back down the pass and stark of the snows, marking the end of the polo season.

# Controversial NZ minister given junior portfolios

MR ROGER Douglas, New Zealand's former Minister of Finance, was given portfolios far removed from economics by the new Prime Minister, Mr Geoffrey Palmer, when he appointed his new cabinet yesterday, writes Terry Hall in Wellington.

At the same time, Mr Palmer gave Mr David Lange, the former prime minister, two ministerial posts - Attorney-General and Minister of State - both outside the cabinet.

Mr Palmer made it clear that Mr Lange would continue to play an important role in government. He said Mr Lange's legal expertise would enable him to "roam in a fairly wide-ranging way" to other portfolios, including education.

Mr Lange had been Minister of Education and had been pushing through a series of

reforms to schools and universities, at the time of his resignation. One of the main surprises of his resignation on Monday was that it was believed he would not be in a position to complete this task.

However, Mr Palmer said that in his new role, Mr Lange would be involved in all the legal drafting needed for education reforms, further underlining the key role he was expected to play in that sphere.

Mr Douglas, whose re-election to cabinet sparked Mr Lange's resignation on Monday, was made Minister of Police and Emigration, ranking 12th out of 19 in the cabinet. His exclusion from the economic area continues Mr Lange's pledge to keep Mr Douglas out of this area.

Mr Palmer said Mr Douglas's talent would be put to good use

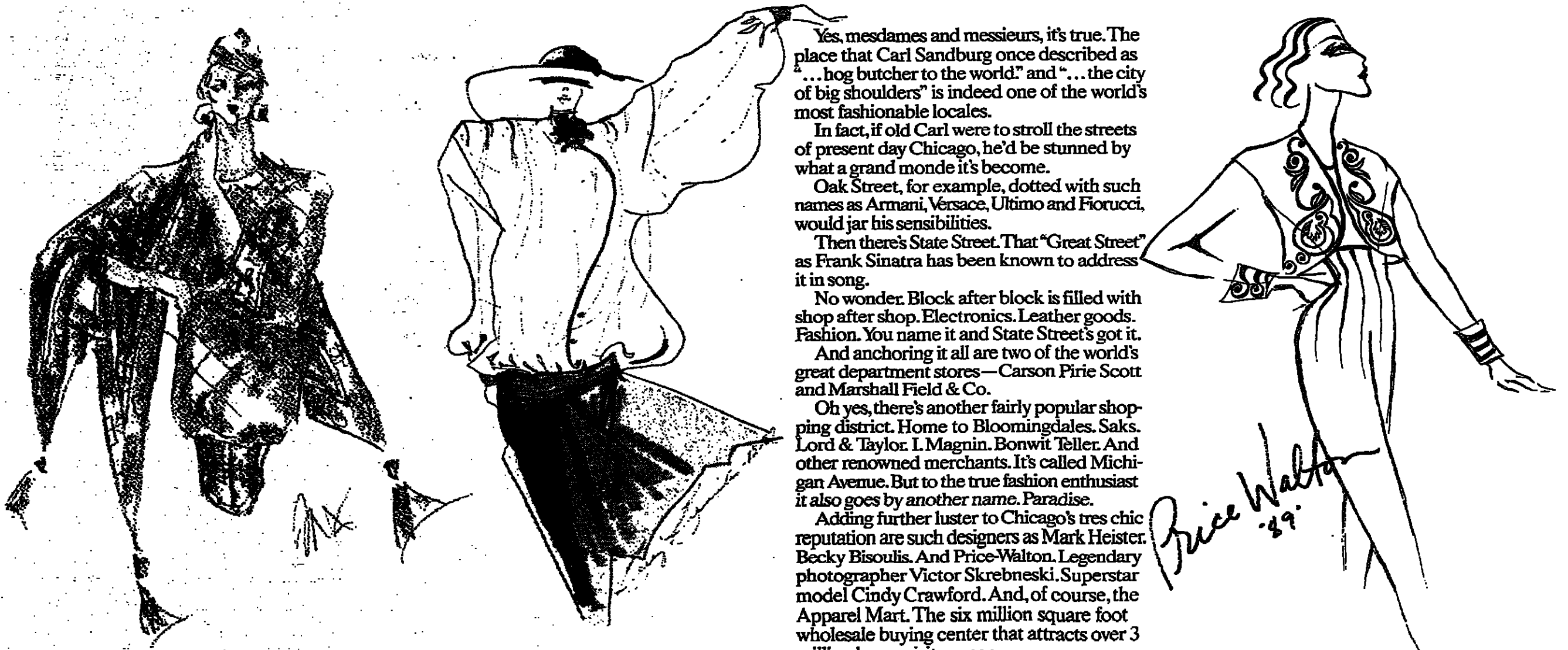
in his new portfolios which needed restructuring. He would also be put in charge of the Audit Office and assigned for special projects.

Asked if there was a danger Mr Douglas and Mr Lange would clash, as both had roles allowing them to roam to other portfolios, Mr Palmer laughed and said: "No. Roger will be working in special projects that I will decide for him."

to play in that sphere. Mr Douglas, whose re-election to cabinet sparked Mr Lange's resignation on Monday, was made Minister of Police and Emigration, ranking 12th out of 19 in the cabinet. His exclusion from the economic area continues Mr Lange's pledge to keep Mr Douglas out of this area.

Mr Palmer said Mr Douglas's talent would be put to good use

# Chicago would like to remind everybody that the first four letters of its name are Chic.



Yes, mesdames and messieurs, it's true. The place that Carl Sandburg once described as "...hog butcher to the world" and "...the city of big shoulders" is indeed one of the world's most fashionable locales.

In fact, if old Carl were to stroll the streets of present day Chicago, he'd be stunned by what a grand monde it's become.

Oak Street, for example, dotted with such names as Armani, Versace, Ultimo and Fiorucci, would jar his sensibilities.

Then there's State Street. That "Great Street" as Frank Sinatra has been known to address it in song.

No wonder. Block after block is filled with shop after shop. Electronics. Leather goods. Fashion. You name it and State Street's got it. And anchoring it all are two of the world's great department stores - Carson Pirie Scott and Marshall Field & Co.

Oh yes, there's another fairly popular shopping district. Home to Bloomingdales, Saks, Lord & Taylor, I. Magnin, Bonwit Teller. And other renowned merchants. It's called Michigan Avenue. But to the true fashion enthusiast it also goes by another name. Paradise.

Adding further luster to Chicago's tres chic reputation are such designers as Mark Heister, Becky Bisoulis. And Price-Walton. Legendary photographer Victor Skrebneski. Superstar model Cindy Crawford. And, of course, the Apparel Mart. The six million square foot wholesale buying center that attracts over 3 million buyer visits a year.

For information on special tours of one of the world's true fashion meccas, simply fax us in Brussels at 32-2-5125809.

Chicago. These days, we're not only the city of big shoulders, we're the city of padded shoulders as well.

Chicago.  
The American Renaissance.

Illinois Dept. of Commerce and Community Affairs, Office of Tourism © 1989.



UK NEWS

# Ports company willing to handle PCB shipments

By John Hunt, Environment Correspondent

ASSOCIATED British Ports, the owner of 21 privatised ports in the UK, said yesterday that it was prepared to accept shipments of polychlorinated biphenyls (PCBs), the toxic material that is being refused entry by some other ports.

"There is no ban on the handling of PCBs by Associated British Ports," it said. "It is not for ports to dictate what should or should not be imported."

It said ABP would handle cargo which met British and international regulations and would not endanger the safety and welfare of its employees.

ABP handled 56m tonnes of cargo last year, about 25 per cent of the UK total. Its ports include Southampton, Grimsby, Immingham, Hull, Swansea, Cardiff, and Barry.

The consignment of PCBs for Grosvenor Power Services of Manchester, which was rejected by the port of Tilbury earlier in the week, had met the proper pre-notification requirements regarding safety and packaging. However, the forms were made out for Liver-

pool where the vessel was unable to dock due to a strike.

The 1,500 tonnes of PCBs from Canada, which are now destined for the Rochem waste disposal company, have also gone through the correct legal documentation. However, the management of Liverpool Docks has said it would not handle the material.

The refusals follow the campaign by Greenpeace, the environmental organisation, to block the consignments. Some other docks are taking a similar line.

Mr Paul Horsman, director of the Greenpeace toxics unit, said last night he was disappointed at the ABP decision. Such toxic materials should remain within their country of origin, he said.

Mr Michael Grylls, Conservative MP for North West Surrey said last night he was disappointed at the ABP decision. Such toxic materials should remain within their country of origin, he said.

"This anarchy is very dangerous for international trade," he said.

# Alcan plant to shed 240 jobs as orders fall

By Anthony Moreton, Welsh Correspondent

BRITISH ALCAN Rolled Products is to shed 240 workers at its plant in Newport, Gwent, following heavier-than-expected losses in the first half of this year.

A fall off in orders, severe price competition in Europe and a restructuring of the company's European marketing strategy for its rolled-steel products have contributed to the plant falling into the red. The loss is understood to be about 50 per cent higher than the company budgeted for and runs into several millions.

The Newport plant is the largest in British Alcan's British operations and the cuts in the workforce, which will reduce the number on the site to about 1,000, will be phased over the next 18 months. Over the past four years £50m has been spent at the plant, opened in 1939, to bring productivity standards up to levels in West Germany and France.

British Alcan is just coming to the end of a £10m investment. Turnover from the plant is running at a little over £160m a year.

Mr Dale Thomas, plant director, said in Newport: "There has been a heavy operating loss in the first six months of this year compared with the same period last year. Demand in orders and falling sales revenue."

"The company has been reorganising its business so that we can make a greater impact in the European market. We have been cutting out small orders and some products such as litho rolling for the printing industry have been ended."

British Alcan is probably best known for its Baco foil. The whole of the UK market for foil is supplied by Newport. It also makes secure bottle tops for the spirits industry, paint stock, flashless products, heat-exchange material for the motor industry and the outer skins of aircraft.

The redundancies are the first big setback to the economy of south-east Wales for some time and will be seen as a reminder that its manufacturing base remains fragile and needs considerable nurturing before it is able to withstand the consequences of any cyclical downturn.

# Demonstrating a wealth of poor service

David Lascelles explains why the human touch is vital in a competitive world

WHEN Napoleon accused Britain of being a nation of shopkeepers, it was obvious he had never visited the place.

If he had, he would quickly have found the British are not very good at serving customers. Indeed, some people might say the traditions of the café garçon in his own country are far more indicative of a service mentality than anything he would find in Britain.

But how justified is this widely-held notion that service is poor here? Are visions of scruffy café dirty trains, indifferent bank clerks and lazy council officials typical? And if so, does this mean the British have an in-built resistance to satisfying their customers? Or is the customer to blame for not being insistent enough?

Two examples, culled from personal observation, highlight these questions in different ways.

One is Foyles, supposedly Britain's leading bookshop but in reality a nightmarish rabbit warren from which notions of service seem to be largely absent.

The antique, finger-pinching lifts, the piles of books cluttering the floor, the sweaty air, the difficulty of finding anyone who can help... it is astonishing that it manages to survive at all, particularly when shopping for books in Dillons up the road is such a pleasure.

Yet it does, probably because the public has a nostalgic preference for idiosyncratic, family-run businesses, and doesn't demand - indeed feels uneasy about - slick service. The British do, after all, equate slickness with shallowness, and therefore bumbling cosiness with quality of a kind.

A quite different example is Dovercourt, the large Volkswagen dealership in north London, owned by Lomro, the UK multinational.

Contrary to the notions of reliability and quality associated with VW, Dovercourt is a most unpleasant company to deal with, even by the stan-



Service

dards most of us associate with the motor trade. The atmosphere is dingy, the employees unsmiling, the charges breathtakingly high, and the chances of actually discussing your car's problem with the mechanic who worked on it rather remote. On a recent visit there, even the public telephone and the coffee machine in the grimy reception area were out of order.

Whether Dovercourt demonstrates the British ability to corrupt the high standards of foreigners, or merely proves the welcome as the best sort of English pub, the unfussy value obtainable at the superior high street chain stores, in some luxury markets, British brand names have even become cynosures.

But whether or not these bright spots make up for the general sloppiness elsewhere, the more encouraging point that came out of my discussions is that service quality is obviously rising up the list of management preoccupations.

It may still not be number one, but it's measurable where previously it was non-existent. What seems to have changed is that companies no longer view service quality as a costly fudge but as something which actually enhances their business fortunes.

"I think service will become the main competitive factor in the 1990's," one of Britain's leading retailers told me, though he admitted this was because all other competitive factors, like pricing, styling and design - had now been exhausted.

The British Tourist Authority is also trying to push up service standards. It says the problem is the low status accorded to jobs where service is important: booking clerks, waiters, train and bus conductors, and so on.

Few of the people in these jobs either believe in, or have had instilled into them, an awareness of service. A lot of training is now being done, but staff turnover is high - and seasonal - and all this prevents a service culture taking root.

The BTAA's surveys show a moderately encouraging level of satisfaction with hotels (more than two-thirds of visitors are at least "fairly satisfied"), though between the last two surveys in 1986 and 1987 the trend worsened a bit. Where there is dissatisfaction



Service

ments of course. There are many ways in which British service is among the best in the world: the extraordinary efficiency of London's cab drivers, the welcome as the best sort of English pub, the unfussy value obtainable at the superior high street chain stores, in some luxury markets, British brand names have even become cynosures.

But whether or not these bright spots make up for the general sloppiness elsewhere, the more encouraging point that came out of my discussions is that service quality is obviously rising up the list of management preoccupations.

It may still not be number one, but it's measurable where previously it was non-existent. What seems to have changed is that companies no longer view service quality as a costly fudge but as something which actually enhances their business fortunes.

"I think service will become the main competitive factor in the 1990's," one of Britain's leading retailers told me, though he admitted this was because all other competitive factors, like pricing, styling and design - had now been exhausted.

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it tends to focus mainly on poor value for money rather than standards of service. But value, of course, is a facet of service quality.

At Dovercourt, with whom I had long discussions, the management admitted standards were unsatisfactory, though it insisted the St John's Wood garage it used was probably the worst in the group because of exceptionally high staff turnover and operating costs. It claims to be trying to improve the place. The budget was recently increased, and it tries to keep staff on their toes by sending in investigators masquerading as customers.

However, I came away with a strong sense that the conglomerate approach of budgets, controls and pressure was unlikely to nurture that vital ingredient of genuine personal interest which makes for real service.

This is not to say major changes in attitude cannot be achieved, even in large groups. The classic and much-quoted example is British Airways whose service improvement campaign has achieved truly astonishing results.

But even here, I found people who were ready to criticise. Service has improved, they agreed, but in the process it had lost the human touch: instead of shabbiness there was the switch-on smile. I now see other British companies making mock in their advertisements of the American habit of saying "Have a nice day!" - the phrase which stands for mechanical service at its worst.

In short, the British seem to have an ambiguous attitude towards service, which prevents it rising to greater heights. They dislike filth, haste, rudeness and poor value.

But they are just as suspicious of over-enthusiasm. They don't want to be treated like a number. Few people would regret the passing of Dovercourt, but I could imagine a major public outcry at the disappearance of Foyles. Maybe the British only get the service they deserve.



Officials check reissued Abbey National shares

# Abbey certificates reissue amid claims of sabotage

By David Barchard

MORE THAN 365,000 Abbey National shareholders whose certificates were burned should receive replacement documents in the next few days, according to Lloyds Bank, who are acting as registrar for Abbey National's share issue.

Meanwhile Mr Alex Scott, owner of Business Mailing Services, the firm in Greenwich, south London, outside which the certificates are believed to have been burned in skips, yesterday issued a statement through Goldrom Mathias, his solicitor, claiming that malicious persons had conspired to injure the company by staging the fires.

The statement said the company, which handled mailing of about one fifth of the share certificates for Lloyds, had started work on putting them into envelopes under supervision of officials from Lloyds and Midland banks and that no certificates had been burned while the company was responsible for them.

Mr Scott was said to be outraged at allegations made against himself and his com-

pany and said that letters before action and writs for defamation would be issued shortly to a number of newspapers.

More than 350,000 Abbey National share certificates which should have been posted to investors on July 11 have failed to arrive.

Scotland Yard said yesterday two former employees of Business Mailing Services had been arrested on Tuesday this week, but this was not directly connected with the burning of Abbey National share certificates. Police had arrested a man in connection with the incident on July 28, but later released him. Some unspecified items had been seized at the same time.

Lloyds, who say they are working round the clock to deliver the new certificates, admitted that some tens of thousands of shareholders living in certain areas will still be without certificates. "Information from them is still being processed and their certificates will be sent as soon as possible," it said.

# Boots fined for overcharging

BOOTS, the chemist chain, was yesterday ordered to pay more than £5,000 in fines and costs after admitting 17 offences of overcharging.

The company told Tiverton magistrates in Devon that a new price checking system had now been introduced nationally.

The court heard that most incidents - at stores in Holsworthy, Tiverton and Axminster - involved pennies, but the highest was 70p.

At the same court, Safeway supermarket admitted six charges and was fined £400 on each charge and ordered to pay costs of £396 for selling underweight meat. A meat pricing machine at the company's Tiverton store was wrongly set.

# Labour lead in polls mocked by Chalker

By Michael Cassell, Political Correspondent

DEMANDS for proportional representation being made by delegates to Labour's autumn conference were "a candid admission" that the party would never again win power on its own, Mrs Lynda Chalker, the Minister for Overseas Development, said yesterday.

Talking to party workers in her Wellesley constituency, Mrs Chalker belittled Labour's poll lead, claiming it was lower than it had been at the same stage in both the first and second terms of the Conservative government.

She said the new-found interest in proportional representation, which is being resisted by Mr Kinnock, showed party members did not believe Labour could win without a new electoral system.

Mrs Chalker claimed that the party's membership was still declining rapidly, leaving Labour firmly in the hands of the trade union block vote.

Mrs Chalker was firing the latest salvo in an orchestrated campaign by ministers to turn the political spotlight on Labour and to demonstrate that the party is unfit to govern.

The offensive comes as Labour continues to enjoy a commanding lead in the opinion polls, although the latest Gallup 9000 for the Daily Telegraph showed the Opposition's lead being cut from 13 points to 10.5 points.

Labour leaders are taking encouragement from the Government's attack, which they interpret as a sign of genuine nervousness about its own position and confirmation that the Labour party is again being seen as a real electoral threat.

Mr Neil Kinnock, the party leader, is looking for a successful full autumn conference to put the seal on the two-year policy review which will form the basis for Labour's next election manifesto.

Plans for the election campaign are already under scrutiny and a detailed battle plan is expected to have been drawn up for consideration by the party leadership after the conference.

# Buy-out advocate is forced to quit WDA

By Anthony Moreton

THE WELSH Development Agency yesterday parted company with one of its two senior executives who in June put up a proposal for a management buy-out of its west Wales operations.

A carefully-worded statement from the WDA's Cardiff headquarters said that "the proposal to buy the west Wales operations of the agency makes continuation of his (Mr Wyn Pryce's) position as regional director untenable."

The other executive involved, Mr Viv Lote, investment manager in the region, is on holiday. It is expected his position will be reviewed on his return later this month.

This is the second occasion in a month that the WDA has released a senior executive in its organisation or one closely associated with it. Mr Norman Myerscough, investment director of the Welsh Venture Capital Fund, in which the WDA has a 50 per cent stake, also had to relinquish full-time executive responsibilities.

Neither the WDA nor Mr Pryce would comment on the

statement last night but Mr Pryce has been compensated for "commendable services" following the abrupt termination of his contract.

The affair has caused considerable embarrassment to the WDA because there are reports, strongly denied by Dr Gwyn Jones, the chairman, that proposals exist for the buying out, or privatisation, of parts of its activities.

These reports have been denied in the House of Commons by Mr Peter Walker, Secretary of State for Wales, and they were equally firmly denied by Mr David Waterstone, chief executive of the WDA, at the presentation of the agency's annual report in Cardiff in July.

Mr Pryce is expected to set up his own business which will complement the work in the area undertaken by the WDA. The core of the Pryce-Lote proposal was that they could, outside the WDA, generate more factory buildings than had been allocated to the area in the agency's present development programme.

# Stores scour stocks after beans scare

By David Churchill

TESCO was yesterday among the first grocery retailers to scour the latest discovery of foodstuffs that had been tampered with.

The supermarket chain announced that it had issued instructions to all stores to check stocks of HP baked beans and withdraw from sale those cans identified as possibly having been tampered with.

The move followed a request by HP Foods to all food retailers to check their stocks after alivers of glass had been discovered in some cans of beans.

Other leading retail chains yesterday followed the Tesco lead and withdrew from the shelves all HP beans considered at risk.

The suspect cans were manufactured at the HP canning plant at North Walsham, Norfolk. A police investigation into the tampering is continuing.

HP Foods said yesterday that it regretted "the inconvenience caused to its consumers and retail customers but our prime concern must be the safety of consumers."

The company stressed that no black metal demands had been made.

The latest discovery of contaminated cans of beans by consumers in north-east England follows a similar case last month, when 13 cans of beans were found to have been tampered with.

Chief Superintendent Alan Smith, based at Norfolk CID, said yesterday: "We are as certain as we can be that the contaminant is being inserted maliciously."

He added: "We have interviewed staff at the factory and also widened the net to include former employees, delivery drivers and any other people connected with the factory on the dates of the contamination."

# John Lewis cuts stores' sales budget

By Maggie Urry

DISAPPOINTING sales linked to high interest rates have hit consumer spending so John Lewis Partnership has moved to cut its department stores sales budgets for the second half of its year.

John Lewis had expected its stores to show a sales increase of 9.4 per cent in its first half, over the same period the previous year. However, the increase turned out at 5.8 per cent in the 26 weeks to July 29. Trading had been satisfactory in the first three months but tailed off in May and was "very disappointing in July," the group said.

The first week of the second half was "an inauspicious opening" to the period, John Lewis said. Whereas a year ago sales of electrical goods, carpets and furniture had been strong, these areas fared badly this year.

Sales for the week to August 5 fell just short of £17m and only reached this level because a new store opened at High Wycombe, Buckinghamshire, this year. Another store, in Aberdeen, north-east Scotland, is due to open shortly.

John Lewis's Watrous food stores, by contrast, has seen its sales forecasts increased marginally from 6.0 per cent in the first half to 6.1 per cent in the second. The estimate was easily beaten in the first half, with sales rising 8.3 per cent.

# Trade in Toytown is certainly no laughing matter

Nick Garnett finds that competition is tough and casualties many in the fun and games business

IT HAS been a tough time in Toytown for British companies during the 1980s. The country's big suppliers to the Aisles, Mettoy and Lesney, once some of the world's great toy makers, ran aground soon after the decade began.

Top brand names like Corgi, Dinky, Chad Valley and Hornby have subsequently been tossed around from company to company like confetti. Meccano was re-established, but as a French business.

Like so many consumer industries, the UK toy business started a headlong slide into trade deficit which it has been unable to reverse.

Complacent managements, faced with imports from the Far East and under pressure from a then high pound which unsettled their export-oriented programmes of factory closures.

The result was that a trade surplus of £22m in 1978 became a deficit of £5m in 1979, £63m the following year and a deficit of £245m by last year, according to gloomy statistics from the British Toy and Hobby Manufacturers Association.

The past few years, however, have witnessed a few encouraging signs. Total output from Britain's toy and games factories in 1988 jumped 27 per cent to £411m after virtually unchanged turnover in actual terms during the previous seven years.

Some companies like Blue-



At the crossroads: the fiercest toy shop battles are waged with die-cast model cars

bird, which is now the biggest UK-owned toy maker having absorbed Mettoy and Peter Pan, has been growing quickly.

A few of the great brands have made a comeback as British companies. Hornby, which makes model trains as famous in the UK as those of Marklin of West Germany are in the whole of Europe, is doing well now. With its other products such as Scalextric racing cars, it made a profit of £2.4m last year on sales of £25.5m.

One area where Britain has been trying to keep its head above water in the face of a wave of Asian-made low cost products and some up-market continental European-made

ones, is die-cast model cars.

On the face of it, this attempt runs against the tide of history. Spot-On, Crescent and Lone Star fell by the wayside long ago while Dinky, in decline from the 1960s, is now a brand produced in Macao, China. Matchbox, which was once part of a 14-factory empire run by Lesney in Britain, is now owned by Universal, a toy company controlled by a Hong Kong businessman and supplying solely from factories in Shanghai and Macao.

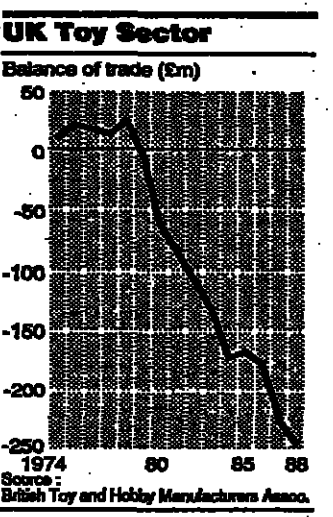
While the UK produced \$37m of die-casts 15 years ago, controlled 95 per cent of the home market, and exported £23m worth, it is now in

deficit on this trade.

Yet three British companies have survived as manufacturers in the UK. Corgi is a mainstream die-cast model maker while Lledo (toy vintage and veteran vehicles) and Britains' Petite (farm machinery and highway equipment) are two much smaller niche producers.

They have done this even though car building in Toytown remains as rough as ever. Mr Nick Austin, managing director of Matchbox Toys, the biggest importer of miniature vehicles made in the Far East, leaves you in no doubt about that.

Speaking about a recent price-cutting drive by Match-



box aimed against Corgi, Mr Austin says bluntly: "Every pound we take out of their till hurts their cashflow, restricts their product development and slows their growth. We have a very long term view."

Corgi has taken on its shoulders the role of putting up a mainstream fight against Far East imports. Perhaps bowing to fate and the low-cost attractions of producing in the Far East, Corgi itself has just started up joint venture manufacturing in China. However it does not yet import from there into the UK.

The company based in Swansea, was a management buy-out in 1984 from the receiver

after collapse of its parent, Mettoy. Since then, it has raised sales from £6m to £14m, produced 15m vehicles last year and employs 400.

Corgi remains a tiny company compared to its heyday in the 1970s when it employed 2,500 and was churning out 60m die-cast vehicles a year.

It has had a lot of success in the past two years, however, with its Corgi Classics range of collectable miniatures in the traditional 1/43 scale. It claims more than 20 per cent of the £65m die-cast market in Britain, and up to six months ago was taking market share away from Matchbox in the smaller three-inch models.

Matchbox, which has more than a quarter of the market, has fought back ruthlessly. Bypassing distributors and putting its three inch models in multipacks of three or more at a retail price of 50p per model or less, Matchbox has re-couped a lot of lost ground.

It also re-introduced the much more expensive 1/43 scale Dinky last year. Its nine models a year are aimed at the Corgi Classics range and at European producers. Its Majorette of France and Rio of Italy.

Mr Austin at Matchbox, which closed its last remaining UK factory last year, says manufacturing in the Far East was "a must to survive. Without it, it would have left us completely disadvantaged against other Far East producers."

# Call to set up food ministry

THE Government is out of touch with public interests and should set up a Ministry of Food, according to the London Food Commission, a watchdog group.

The commission said yesterday that people were becoming increasingly concerned about food quality while the Government concentrated most of its attention on cutting costs.

It called for a review of food policy, including the way the Government handles health and safety issues. It also wants an annual national and European food policy conference, at which consumers and industry would be equally represented.

The commission said recent food scares appeared to have taken the Government by surprise.



UK NEWS

# Labour steps up its campaign against poll tax

By Michael Cassell, Political Correspondent

LABOUR yesterday stepped up its campaign against the Community Charge, claiming some people on income support could have nearly all that benefit clawed back to help pay any arrears.

Mr David Blunkett, Labour's local government spokesman, said some claimants could be left with just 10p in income support benefit after deductions made to pay outstanding poll tax bills.

He claimed the possibility had been fully spelled out in a leaked Department of Social Security document which outlines ways in which arrears can be deducted from income support payments, but not from other benefits.

Mr Blunkett said the document demonstrated how seriously the poor would be hit by the tax, which will be introduced in England and Wales next April, and added: "The document is an explosive indictment of the horrors of the cost of the poll tax."

"The DSS clearly accepts that hundreds of thousands of people already on the breadline will simply not be able to pay their poll tax bills."

"If arrears build up then claimants could be left with as little as 10p of their income support to live on - a sickening indictment of the possible effects of poll tax."

The DSS denied the document had been leaked, saying it was part of a circular made public when it was sent to local authority umbrella groups in June.

An official stressed the maximum amount that could be deducted to pay poll tax arrears was £1.75 for single people and £2.75 for couples.



David Blunkett: warned of horrors of the poll tax

However no-one who received less than £1.84 a week in income support would be subject to any deductions.

She said there would never be a case where somebody was expected to live on 10p a week.

The Department stressed that income support was increased in October specifically to help meet the 20 per cent minimum contribution which claimants were expected to make towards the poll tax.

The one-off increases were £1.15 for single people under 25, £1.30 for single people over 25 and £2.30 for couples.

Mr Blunkett disclosed that the DSS document forecasts about 600,000 cases of poll tax payment deductions from benefit recipients.

He argued that total administrative and staffing costs involved in collecting the arrears would amount to £32m and that this money could be saved if those on basic benefit were allowed a 100 per cent rebate on the poll tax.

# Isle of Man needs to 'diversify for 1992'

By Sue Stuart

THE ISLE of Man must strengthen and diversify its financial services if it is to benefit from the dismantling of trade barriers between European Community countries, according to a report prepared for the Manx Government.

The island, which is not part of the EC, enjoys a special relationship with the Community as a result of its political and economic ties with the UK. The Isle of Man is treated as EC customs territory and abides by EC rules on trade and agriculture, but does not contribute to Community funds.

However the report, compiled by KPMG Peat Marwick McLintock, says the island's economy remains vulnerable to future trends largely because of its dependence on its two main growth areas, financial services and high technology engineering.

The financial services sector accounts for about 30 per cent of the island's national income. Peat Marwick predict that this dependence will rise to about 50 per cent by the mid 1990s.

Diversification within these

areas is recommended rather than attracting new activities which may detract from the strength of these existing growth areas.

The report says: "In the Isle of Man we see the greatest potential for securing further diversification as being within the financial services sector, where a much broader range of products and markets will need to be achieved before the island can be said to be in the top tier of international finance centres."

The island's two key economic strengths are its low tax status and its relationship with the UK.

The principal risk to the Isle of Man is the single European market which would come from any concerted move by the EC to stem the flow of capital to low tax areas in the context of the liberalisation of capital movement.

The Manx Government is recommended to monitor moves in this direction and to prepare a detailed defence of its low tax status to be used if such a move occurs.

# Small power stations hit by slower rates reductions

By Ian Hamilton Fazey

MANY small independent power stations using environmentally-friendly methods to produce electricity face closure because business rates will not drop as fast as expected.

Members of the Association of Independent Electricity Producers are at present assessed for rates on a formula used for the chemical industry. This puts them at a disadvantage to state-owned generators, which have their own formulae.

For example, a small power station in Buckinghamshire producing electricity from methane gas seeping out of a landfill rubbish tip pays rates of £16,000. Under the public sector's rules it would be £2,400. The staff of five sell the power for £190,000 a year.

Last year, the Department of Energy agreed that from next April independent producers would be treated similarly to state generators. As a result, the rates bills of some independents should drop by

up to 85 per cent. However, Mr David Hunt, the new minister for local government in the Department of the Environment, has now ruled that the rates reductions must be phased in at 10 per cent a year.

This is in line with the phased introduction of the National Uniform Business Rate next April which will coincide with the first revaluation of commercial property for 15 years.

The lack of up-to-date valuations has meant businesses in southern England have been paying rates based on undervalued properties compared with their counterparts in the Midlands and north of England.

Getting property values correct across the country will involve an \$800m shift of cost from the north to the south. The change is being phased in at 10 per cent per year to ease the shock to the south.

# EC backs paperless trading

By Alan Cane

THE EUROPEAN Commission is taking pioneering steps to promote "paperless" trading across Europe through the electronic transmission of business documentation.

This week it awarded a contract valued at 245,000 ecus (£175,000) to a consortium of UK-based companies, involving International Computers, International Network Services and Drew & Associates, for consultancy, project management,

software and services associated with paperless trading systems for the European insurance industry.

The project aims to speed the flow of information within the insurance market by automating the claims procedure.

Paperless trading systems or electronic documentation interchange are already in use in the UK insurance market and motor trade.

EMPLOYMENT

# Minister voices worry over pay award levels

By Michael Cassell and Michael Smith

MOUNTING ministerial concern over the prevailing level of pay settlements emerged publicly yesterday, when Mr David Hunt, the Minister for Local Government, warned of a possible return to even higher rates of inflation.

Mr Hunt said he was "very surprised" that the local authorities had abandoned attempts to accompany their 3.8 per cent settlement with productivity improvements. He

added: "If we go on like this, then we really are going to get back to the bad old days under Labour, when we had inflation of 15.6 per cent on average."

His comments came as employers and union leaders considered the effects of the local government deal on impending wage negotiations. Nupe, the local government union, said it would be pressing for pay rises of 9.5 per cent for its manual workers.

Other workers still to settle wage deals include ambulance workers and post office counter staff, who have rejected packages of 6.5 per cent and 8.5 per cent respectively, and are balloting on industrial action.

Mr Hunt stressed that councils would have to fund the deal themselves. "Local authorities can be under no illusions about the consequences of this settlement. It is going to be up

to them to make savings to help pay for the cost and, if savings are not made, community charge bills are going to be higher."

Mr Hunt said the pay award would have a serious effect on inflation. "Although Nalgo may be saying they have won a great victory, I believe everybody has lost," he added.

Wage trends in the public and private sectors are worrying ministers far more than the

original prospect of a fresh wave of industrial disputes, some of which have now been resolved with high, no-strings-attached settlements.

Mrs Thatcher has not confined her condemnation of high pay deals for public sector workers, arguing that top salary earners must set an example to others.

Nalgo yesterday dismissed Mr Hunt's comments as sour grapes.

# Bus drivers' strike hits E Midlands services

By Richard Tomkins, Midlands Correspondent

BUS services in Derbyshire and the East Midlands were disrupted yesterday, when most of the Derby-based Trent Bus Company's 600 drivers staged the first of a series of one-day strikes in support of a pay claim.

The drivers, all members of the Transport and General Workers Union, have rejected the management's offer of a 7.16 per cent rise. They are demanding an increase of at least the rate of inflation, currently 8.3 per cent.

"The strike, which the drivers have threatened to repeat every Friday indefinitely, is further evidence of transport workers' militant mood following the British Rail and London Underground strikes."

Trent, a private company whose red-and-silver buses link small towns and rural areas in Derbyshire and surrounding counties, was yesterday operating fewer than 10 buses. They were driven by employees who had crossed picket lines.

Mr Ian Morgan, commercial director, said the pay offer was one of the highest in the industry this year and was all the company could afford.

"We don't fix our pay offers in relation to inflation. Last year inflation was 3.3 per cent on settlement date, but our regular drivers were awarded 6.3 per cent over 15 months. I don't think they would have been very pleased if we had used the inflation rate as a benchmark last year, and I don't see why things should be any different this year."

Mr Morgan said the company would be sufficiently disenchanted with the result to break out of national bargaining altogether.

# No need to compromise with the councils

Michael Smith looks at Nalgo's victory on two counts in the local government dispute

WHEN UNION leaders arrived at talks to settle the local government pay dispute two days ago they were prepared to compromise. They hardly needed to.

By the end of the day, they came out with a deal which even the more optimistic among them had not thought possible when the dispute began two months ago.

Although they missed the 9 per cent pay deal they had indicated would be acceptable on Thursday morning, they came close with an 8.5 per cent overall rise and up to 9.5 per cent increase for low paid workers.

On the other issue of the dispute - national pay bargaining - they emerged completely victorious, having forced the employers to abandon their proposals.

The settlement is the latest of three significant union victories in this summer's season of industrial discontent. Like British Rail and London Underground, the local authorities have conceded rises higher than the rate of inflation and agreed to accept any of the productivity concessions they wanted.

The councils emerge from the white-collar dispute

severely weakened for pay negotiations with other groups of workers. They are also under heavy fire from a Government which is already no lover of local government.

Some Conservative-controlled authorities are angry that they have been forced under pressure from Labour-controlled councils to abandon - at least for the moment - their plan to devolve more collective bargaining from national to local level.

Eventually, they say, the national bargaining structure will be weakened by its rigidity, and more councils will negotiate their own deals in future.

The most immediate - and expensive - result of the dispute, however, is the precedent it sets for future deals. Union leaders of 1m local government manual workers have their eyes on the 9.5 per cent achieved by the lowest paid Nalgo members. Also still to come this year are deals to cover 456 council chief executives and 6,000 chief officers, and negotiations for magistrates' office clerks and probation officers.

The last local authority pay deal that attracted public criticism from the Government was the 10.6 per cent award to man-



David Thomas: advice for Acas referral was rejected

ual workers two years ago. The deal included extensive restructuring of grades and more local flexibility in rates.

The councils' troubles over white-collar pay stem from a decision last year to introduce more flexibility and a similar degree of local discretion into bargaining. It pleased the Government but set the 500 councils on a collision course with the unions, which feared it would dilute their power and lead to weak union branches being bullied by employers.

Nalgo had twice in the previous three years balloted mem-

bers on pay and both times members had said no. This year was different.

After years of seeing private sector pay settlements outstrip their own, members were more ready to fight over what was then a 7 per cent pay offer.

Union leaders also had the stick of the bargaining proposals, which would give councils more power over fixing grades and work hours.

They then chose their strategy carefully. Although the initial six days of national strikes hit everyone's pockets, they were limited enough to ensure support of a claimed 90 per cent of membership and at least 50 per cent. In the subsequent selective strikes by key workers no-one lost out, because the union gave everyone who took action full take-home pay.

By contrast some councils were hit hard. In Chester-le-Street, County Durham, only 11 Nalgo members were on strike but they effectively closed down the switchboard, reduced income from house rents and rates, and closed the computer section. Chester-le-Street wrote to the employers negotiators this week to urge an 8.5 per cent offer.

Employer solidarity on the so-called "strings" was also

waning. According to Mr Keith Sonnet, Nalgo national officer, many of the employers did not even understand the changes. That is denied by Mr David Thomas, secretary of Lacsab, the local authority advisory board which co-ordinates the employers' strategy.

He had seen the writing on the wall five weeks ago, however, when he told the board he did not think authorities had the stomach for a protracted fight. His advice of referring the dispute to Acas, the conciliation service, was rejected.

Arbitration was an option on Thursday. The Labour-controlled Scottish authorities, however, had little interest in the strings proposals. They wanted an early resolution and persuaded other Labour-controlled authorities to follow their line.

Tory-controlled councils were less open to persuasion. They opposed particularly the "bottom-loading" of the pay deal towards lower-paid grades.

It remains to be seen whether Tory councils with the existing freedom to pay supplements to secure skilled workers will be sufficiently disenchanted with the result to break out of national bargaining altogether.

# Unions to seek EC funds for meetings

By John Gapper, Labour Correspondent

EUROPEAN Community funds may be used to finance meetings of unions representatives in companies that operate across EC borders and oppose such co-operation, under an initiative by the European Trades Union Congress.

The British TUC may also apply for EC funding for a European-wide data network, which could be used by unions wanting to find out information on labour practices, legislation, and pay and conditions in other countries.

The moves, disclosed in a TUC report on the Single European Market, indicate that unions will attempt to circumvent employer hostility to co-operation between their workers in different EC countries by using EC funding.

Unions at Unilever are trying to establish a cross-border union grouping to co-ordinate bargaining across Unilever companies in Europe, and similar groups have already been formed in companies including Bull.

The report, to be presented to the TUC Congress next month, recommends that:

• The TUC takes the responsibility for gathering and circulating information to European unions on 1992 (it is discussing with Commission officials funding for a data network which unions could access.)

• Britain enters the Exchange Rate Mechanism quickly at a rate of no more than DM3 to the pound. (This policy

reverses the TUC's opposition to entering the ERM when it last discussed the issue in 1978.)

• Comparisons of wage rates and unit labour costs in European countries be used by European unions to ensure a "harmonising up" of training, productivity, investment and wages across the European labour market.

The report follows the visit of Mr Jacques Delors, European Commission president, to the TUC Congress last year. Mr Delors was well received when he said that the "social dimension" was an integral part of the Single European Market.

Figures in the report show that unit labour costs are relatively level across EC countries in spite of wide differentials in gross hourly earnings. They also show that the growth in earnings has been relatively slow in Britain since 1970.

The report argues that these figures back the argument that low-wage countries such as Portugal are no more efficient in terms of labour productivity than economies with higher wages such as West Germany and Denmark.

On cross-border union groups, the report says that employers have tended to resist union approaches.

It argues that British unions will have to develop a more sophisticated approach to bargaining on wages and conditions in a developing European labour market.

# British Gas offers 45% rise in London weighting

By Michael Smith

BRITISH GAS has offered to increase London weighting rates for white-collar staff by up to 45 per cent, according to union leaders.

The move reflects growing skill shortages in the capital and confirms increasing pressure on companies to revise London allowances.

Last week Barclays Bank said it has offered to raise its London allowances for staff, and the other four major clearing banks are likely to do the same shortly.

British Gas refused to comment yesterday on its proposals, but according to Nalgo, the local government union, the company's proposals would increase rates for inner London from £1,558 to £2,500, for metropolitan areas from £926 to £1,300, and for outer metropolitan areas from £344 to £500.

Mr Dave Strzaker, national gas officer for Nalgo, said yesterday that union negotiators will tell the company next week that the increases are not enough.

They also want the company to introduce the allowances for Roseland (the rest of the south-east) areas.

British Gas already pays supplements for some workers outside of the metropolitan area, but these are for scarce skill groups, such as information technology staff.

The rises British Gas is suggesting for London are considerably more in percentage terms than last year, when the top two payments rose from £1,805 and £348.

Nalgo says, however, that the payments do not adequately compensate workers for the cost of living in the capital.

Barclays' payment for inner London workers is already £3,000, and the bank is proposing to increase that to £3,200. That would be £700 more than the British Gas payment for central London.

The British Gas proposals for inner London cover 6,000 to 7,000 white-collar staff, says Nalgo. If the special payments were extended to Roseland another 3,000 workers or so would be covered.

British Gas's manual employees are covered by a separate agreement, although their allowances tend to rise in line with those of their staff colleagues.

# Unilever Results

FIRST HALF 1989

## SECOND QUARTER

Profit attributable (at constant rates of exchange) for the second quarter increased by 23% over the corresponding period last year to £259 million. Operating profit rose by 19% to £464 million. Our results were enhanced by profit of £27 million before taxation from the sale of our interest in an office building in Sweden. Without this contribution profit attributable and operating profit would have risen by 14% and 12% respectively.

At end June exchange rates the increase in profit attributable is 31% in sterling, 23% in guilders and 12% in dollars.

## THE HALF-YEAR

For the half-year, profit attributable increased by 17% to £452 million. During this period sales volume, helped by acquisitions, rose by 5%. Operating profit increased by 16% to £825 million.

In Europe operating profits, excluding exceptional items, made modest progress. Volume growth and profitability improved in the latter part of the period. There was a strong performance in Frozen Products, particularly ice cream.

A satisfying feature of the half-year results is the progress made in North America and the Rest of the World.

In North America, the rise in operating profit of 53% included a marked increase in margins in most of our companies. There was also a contribution from the industrial edible fats businesses acquired in late 1988.

In the Rest of the World sales and operating profit improved significantly. In India we made good progress, regaining market share in detergents. The results of our businesses in Chile, Indonesia and Australia advanced strongly.

We continue to expand our operations through an active acquisitions programme. So far this year we have acquired 33 businesses costing almost £1.6 billion including, recently, Calvin Klein Cosmetics and Fabergé/Elizabeth Arden.

Over the half-year net interest costs increased as a result of rising interest rates and additional borrowing for acquisitions.

Given no unfavourable economic developments, we believe that the performance of the business will be maintained throughout the year.

## COMBINED PROFIT STATEMENT (£ millions)

Second Quarter		Increase	£ millions (unaudited)	Half-Year		Increase
1989	1988			1989	1988	
4,827	4,279	13%	TURNOVER	9,161	8,269	11%
454	390	16%	OPERATING PROFIT	825	712	16%
19	14	34	Income from fixed investments	34	23	46
(38)	(29)	(29)	Interest (net)	(72)	(46)	
445	375	19%	PROFIT BEFORE TAXATION	787	699	14%
(175)	(155)	(315)	Taxation on profit of the year	(315)	(287)	
1	-	2	Taxation adjustments previous years	2	-	
(12)	(11)	(22)	Outside interests	(22)	(21)	
259	209	23%	Profit attributable to shareholders	462	387	17%
15	-	26	Difference on translation of 1989 results at end June 1989 rates of exchange	26	-	
274	209	31%	PROFIT ATTRIBUTABLE TO SHAREHOLDERS	478	387	23%
14.68p	11.20p	31%	Combined earnings per share - per 5p of ordinary capital	25.59p	20.73p	23%

## REGIONAL BREAKDOWN (£ millions)

Second Quarter		Turnover	Half-Year		Second Quarter		Half-Year		
1989	1988		1989	1988	1989	1988	1989	1988	
2,902	2,630	Europe	5,523	5,099	301	258	Operating Profit	506	465
976	858	North America	1,845	1,822	74	60	Europe	140	92
949	791	Rest of the World	1,792	1,538	89	72	North America	140	92
4,827	4,279	Total	9,161	8,259	464	390	Total	825	712

For copies of Unilever results statement, please write to: External Affairs Department, P.O. Box 88, Unilever House, London EC4P 4BQ.



The results of the third quarter and announcement of interim dividends for 1989 will be published on Friday, 10th November, 1989.

11th August, 1989



FINANCIAL TIMES

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A long slog for Britain

THE LATEST assessments of the UK economy from the Bank of England and the Paris-based Organisation of Economic Co-operation and Development are reassuring. While warning of the difficulties in interpreting recent economic data, the reports conclude that the Chancellor's tight monetary policy is having the desired effects: domestic demand is growing more slowly; inflationary pressures are beginning to subside; and the current account deficit seems to be stabilising, albeit at around 3 1/2 per cent of gross domestic product. All this is good news: a few months ago, when pressure on sterling forced the authorities to raise interest rates to 14 per cent, the economic picture was far murkier.

In the interim, evidence pointing to a slowdown has accumulated. High interest rates have meant a dismal summer for estate agents; house prices are stable in the country as a whole and falling in the south east. Consumer confidence has weakened. The fall in retail sales in June was the sharpest for a decade; spending on durables is 5 per cent down on last summer's peak. The optimism which fanned last year's surge in investment is beginning to dissipate. Profitability remains high but the corporate sector, unusually, is running a net deficit for a second year.

The overall increase in domestic demand in the first quarter was negligible. Moreover there is some evidence that declining consumer and business confidence is starting to have an impact on inflation and the labour market. Dole queues have not yet begun to lengthen, but the rate of decline of unemployment has fallen significantly. The monthly figures may again become an embarrassment for ministers. At the same time, the growth of underlying earnings appears to be stabilising, albeit at a level that would be quite unacceptable in any competitor country. The most encouraging news for ministers is that inflation, at least as measured by the retail prices index, has probably peaked.

Loss of control

But although the Chancellor seems to be regaining his grip on the economy, the extent of his loss of control in 1987-88 is becoming more apparent. As the OECD points out, revisions to statistics have been unusually large. In France, the figures show that real domestic demand was growing at an astounding 9.4 per cent in the second half of 1987. Business investment was growing at more than 18 per cent in real

terms. The question economic historians will struggle to answer is how Mr Nigel Lawson, the architect of the Medium-Term Financial Strategy and a strong believer in monetary discipline, could have allowed demand to grow at least three times as fast as potential output. It was this lapse which led to the rise in inflation and the sudden expansion of the current account deficit in 1988.

False economy

The episode remains a mystery. The 1987 stock market crash was obviously a factor because it led governments everywhere to relax policy at precisely the wrong moment. In Britain, the attempt to shadow the D-Mark (however desirable in theory) made matters worse because it led to further inappropriate cuts in interest rates in the first half of 1988. But the fundamental problem has little to do with either theory or policy: any Chancellor, whatever his beliefs, would have braked hard had he known what was happening in the real economy. The lesson is that techniques for monitoring the economy — as opposed to forecasting the future — need to be improved substantially. Spending on government statistical services was cut in the early 1980s as part of the public sector efficiency drive. It would be hard to imagine a better example of a false economy.

Failure to comprehend what was happening in the past obviously raises doubts about the present. Might today's consensus view that domestic demand is gently subsiding prove equally wide of the mark? The OECD is certainly alive to this possibility. It warns that high interest rates may not be sufficient to combat inflationary pressures and recommends, as an additional safeguard, a tightening of fiscal policy. The Bank is less explicit about the balance of risks, but seems to favour a wait and see approach.

The pace of Britain's economic slowdown remains unclear. But the price that will have to be paid for the excess sive growth of demand in 1987-88 is becoming painfully clear. The UK is likely to maintain the confidence of overseas investors — and thus avoid a sterling crisis — only if domestic demand grows more slowly than output for a prolonged period. Since output growth will have to be relatively modest in view of inflationary pressures, the outlook for the British consumer is fairly dismal. Mr Lawson may be able to avoid a recession, but the best he can offer is a long hard slog on the economic front.

When a McDonnell Douglas Delta rocket blasts off from Cape Canaveral next weekend, it will mark the point of no return for the 10-company consortium backing Britain's largest private sector project after the Channel Tunnel.

The rocket will place in orbit British Satellite Broadcasting's first television satellite. It will be followed by a second satellite before the end of the year; if another launch can be scheduled in time.

Successful launches will make BSB the proud owner of a dedicated, \$300m (£187.5m) system designed to broadcast a high-power, five-channel television service to the UK on specific frequencies allocated by international agreement. Along the way, BSB has encountered technical problems, delays and stiff competition from its satellite rival, Mr Rupert Murdoch's Sky Television. The billion-pound battle to be joined next year to sell British viewers television from space will leave little room for more than one victor.

In May, the contest looked as if it was over before it had begun. Mr Anthony Simmonds-Gooding, BSB's chief executive, had to admit that more than two and a half years after the consortium had been awarded its franchise, it would not be ready to transmit programmes on schedule. The cruel jibe published by its rival in newspaper advertisements — "Sky on air, BSB hot air" — stressed BSB's difficulties. It had proclaimed a September launch and the introduction of a small, flat antenna called the Squar, neither was forthcoming. Furthermore, there were delays in the development of essential microchips.

To add to its embarrassment, Mr Alan Bond, BSB's leading investor, already facing severe financial difficulties, was declared by the Australian Broadcasting Tribunal not to be a "fit and proper" person to hold a broadcasting licence, a decision he is appealing against.

Already \$423.55m has been committed to the satellite project, by shareholders including Granada, Pearson (publisher of the Financial Times), Chargeur, the French textile and aviation group, and Reed International as well as Mr Bond. Most of Mr Bond's main £128.7m investment has been paid in cash to BSB or is backed by first-class British bank guarantees. His £27.6m share of the latest £70m commitment has not yet been

The billion-pound battle to sell British viewers television from space will leave little room for more than one victor

received, although indications have been given that further payments will be made in the autumn. The consortium as a whole will have to raise another \$400m after the launch to tide the project over an inevitable loss-making period.

Despite the setbacks, Mr Simmonds-Gooding, a marketing man down to his brightly-coloured socks, continues to exude optimism and confidence.

"We really do feel we have a very strong hand," he says, adding that BSB technology will enable a move to higher quality, wider screen television pictures. Mr Simmonds-Gooding is relying on market research which suggests that as many as four fifths of the 4m UK households expressing an interest in satellite television will wait at least until next year before making up their minds about which service to choose. These figures, if accurate, should give BSB a chance in the market.

"We have the power to stop this market. We have done it and we can do it again until we are ready to go," says Mr Simmonds-Gooding, referring to television advertising cam-

Raymond Snoddy on the hopes and fears accompanying the satellite television project

BSB reaches the point of no return

paigns designed to persuade consumers not to buy dishes for the Astra satellite (which relays Sky Television's four channels) until they have had a chance to assess the opposition.

BSB's range of services will include a subscription film channel for which the consortium has acquired \$700m-worth of rights to show Hollywood films. These deals involve substantial financial guarantees to the studios whether the films are shown or not, making BSB's stake in a successful launch even greater. The consortium also plans to offer channels devoted to sport, general entertainment, factual programming and young people's interests. "If we do what we say we are going to do it will be pretty good," says Mr Simmonds-Gooding.

Consumer electronics industry specialists, however, speak of a mixture of arrogance and anxiety at BSB. They say it was unwilling to accept help from the electronics industry or from engineering specialists at the Independent Broadcasting Authority, the body that regulates satellite broadcasting in the UK. "There was a total myopia in this respect by BSB. Now I am afraid they are reaping some of the consequences," says Mr Bernard Rogers, chairman of the technical committee of the British Radio and Electronic Equipment Manufacturers Association.

He believes BSB executives failed to appreciate the likelihood of delays with their complex microchip for the receivers, nor the lead time for turning a prototype Squar into a mass consumer product. "I'm saying it's March (for the launch)," provided the present rate of progress is maintained, says Mr Simmonds-Gooding. Some industry sceptics fear, however, that it could be May or June 1990 before the essential microchips are available in large enough quantities. By September before BSB is in a position to mount a full-scale consumer launch.

BSB's difficulties are far from unique among efforts in the last 10 years to launch high-power direct-to-home television. The first West German satellite had to be written off after a solar panel failed to open properly. A replacement was put up, apparently successfully, early in this month. French and Scandinavian satellites have been successfully launched but it is still far from clear what precisely they will offer viewers.

Only in Japan has a high-power direct broadcasting satellite service made much headway. NHK, the Japanese public service broadcaster, claims more than 1.5m homes take its two-channel service. This month, NHK was sufficiently confident to introduce a ¥980 (£4.13) monthly charge for the previously experimental service.

Unlike the others, however, BSB has a formidable opponent competing ferociously in its own back yard. Sky Television uses the existing Pal television standard rather than BSB's untried D-Mac. Mr Murdoch is selling consumers receivers priced from £199 and making other special offers in his five UK national newspapers.

By the end of July, according to the FT Satellite Monitor, the monthly market research newsletter, 127,000

**Breakdown of \$423.55m Investors' Commitment**

1. Bond Corporation Holdings	35.2%
2. Granada Group	14.1%
3. Chargeur	12.0%
4. Reed International	10.0%
5. Next	5.0%
6. London Merchant Securities	3.7%
7. Argyle Television	3%
8. Reed International Holdings	1.8%
9. Trinity International	0.7%
10.	

Source: BSB

**The five BSB channels**

1. The Movie Channel. Six films a day. Free in the afternoon subscription in the evening.
2. The Sports Channel. Rights acquired include the English Football Association (Cup and International games), Scottish FA and League, and Australian Rugby League.
3. Galaxy. General Entertainment. Children's programming, day operas and game shows. BSB has an agreement in principle to acquire programmes from the BBC Library for Galaxy.
4. News. An information channel with programmes on leisure, pursuits, news, parliamentary broadcasting, environment, education and health.
5. The Power Station. Rock and pop, plus programmes for teenagers and young adults.

homes were receiving Sky Television direct and at least as many again through cable networks.

At the end of this month, Mr Murdoch will announce a multi-million pound marketing initiative for Sky designed to take full advantage of BSB's absence from the market place in the pre-Christmas selling season.

Clearly, if BSB fails to produce working technology at a competitive price some time next year, then the consortium will turn rapidly into one of history's might-have-beens and one of Britain's largest write-offs.

If BSB can show that the technology works and can persuade financial institutions that there is a market, then Mr Jan Clubb, its finance director, is confident he can raise the \$400m of additional finance the company will need, probably through debt financing. "We have an enormous equity base. It's just huge. I have no doubt the money can be raised," says Mr Clubb.

BSB holds some strong cards even if steady nerves will be needed to stay in the game long enough to play them. These include:

- Films from five of the seven major Hollywood studios, including Columbia, TriStar, Paramount, Universal and MUA/United Artists.
- A 15-year official franchise granted in British legislation. (In Mr Murdoch's case, any change of government in the UK could lead to closer scrutiny of his cross-media holdings.)
- Compact reception equipment. If both satellites are in place, squarles or dishes of 30-35 cm will suffice.
- The ability to address subscribers' sets individually from the satellite. This should help to sell one-off programmes such as world boxing title fights and promote the satellite's vast data handling capacity as another business alongside entertainment.
- A group of important shareholders

who show no sign of panicking despite the setbacks. Mr Peter Davis, chief executive of Reed International, recently declared himself still fully committed to the project although he conceded he had become "more nervous." Mr Alex Bernstein, chairman of Granada, believes that satellite television will establish itself as a major business just as video has over the past decade.

What keeps investors in such a high-risk venture in the prospect of huge earnings? Should subscription television establish itself successfully in Britain.

The pre-tax profits at Canal Plus, the French over-the-air subscription television channel, were around £100m last year. Canal Plus has fewer than 3m subscribers but no direct competition.

By 1992, 3m households subscribe to BSB and 70 per cent of them pay \$10 a month for one-third of the available commercial viewing. BSB could enjoy \$35m in subscription revenue, between \$30m and \$100m in advertising income and \$10m from data services and individual programme sales. At the moment, BSB is anticipating its first operating profit in 1992-3 and an overall profit in 1995-6. McKinsey, the consultants, recently warned, however, that BSB would have to earn an average operating profit of \$275m for each of the 15 years of its franchise to generate an acceptable return on shareholders' investment.

"This is 75 per cent of the total profit earned in 1988 by the top 15 US cable programmers after 10 years of industry development, with more than 50 per cent penetration of a country with more than 80m households," Mr Nick Lovagrove, a McKinsey consultant, argues.

Another consultant, Mr James Lee, of the Boston Consulting Group, has given a starker warning to both BSB and Sky Television.

The auction for programme rights between the two rivals, Mr Lee believes, has destroyed the economics of satellite television. The Hollywood studios once selling feature films at 20¢ a subscriber were suddenly able to demand a guarantee of \$400,000 to \$600,000 a film and the cost of buying television programmes shot up from \$10,000 an hour to \$50,000.

Whereas Sky or BSB on their own might have broken even on dial sales of 1.5m, the effects of competition and the auction for programme rights could push this figure to 5m dishes, a level unlikely to be reached for 10 years, Mr Lee believes. That Mr Murdoch holds the overall balance of power, particularly because he owns a Hollywood studio, Twentieth Century Fox, and broadcasting networks in the US and Australia.

"But his margin of advantage is not so massive as to make it inevitable that he will be victorious. The clash of the Titans is, therefore, unlikely to be a first-round knockout as many pundits have suggested."

Mr Lee has argued for partial merging of the two ventures before the fight turns so bloody as to call their viability into question, and has been advising an informal group of BSB shareholders on terms of cooperation.

Though BSB has scorned the idea, Mr Simmonds-Gooding appeared this week not to rule out some form of merger if the contest got out of hand. "From a business textbook point of view, a merger makes sense. But I can't quite see it in practical terms," he told the trade magazine Broadcast. "The issue might become more potent if there is more blood-letting and things get tricky for both of us without a merger. But it must be a merger and not a takeover."

Away from the business textbook, however, BSB's current concern is strictly practical: to ensure that, if all goes well at Cape Canaveral, BSB's tortoise matches Mr Murdoch's hare. "When we do get to market, he is going to be in a lot of difficulty," Mr Simmonds-Gooding says.

MAN IN THE NEWS

Jean-Marc Vernes and Renaud de la Genière

Comrades in arms who now struggle for mastery

By George Graham



leised earlier this year by French stock market regulators for inadequate disclosure of the dealings of Béghin-Say, the sugar company which he chairs, with its parent company Ferruzzi.

Born in 1922, Mr Vernes comes from a long line of French Protestant bankers, and became a partner in the family bank, Messieurs Vernes et Cie, in 1959, before transferring it to a new later into a limited liability company, under the name of Banque Vernes.

It was this bank that was nationalised in 1982, and eventually taken over by the Suez group. To rub salt into the wound of the nationalisation, of which Mr Vernes was one of the most ferocious and vocal opponents, it became clear that the state had in fact saved Banque Vernes, which lost FF160m in 1988, from the edge

of bankruptcy. It is the nationalisation compensation, already invested, which was the base of the considerable Vernes fortune today.

Along the way, Mr Vernes has built up a formidable system of alliances with many of France's leading industrialists, helped by an engaging manner and a considerable capacity for making friends.

His way of life is luxurious, and he is a regular fixture at many of France's most fashionable pheasant shoots. The more academic Mr de la Genière is more likely to be discovered with a history book in his hand.

After bringing about the takeover of the sugar group Say by its rival Béghin, Mr Vernes succeeded Mr Fernand Béghin at the head of the combined group Béghin-Say, now France's largest sugar company. Béghin-Say came under

the control of Ferruzzi, the Italian foods group headed by Mr Raul Gardini, in 1986 and Mr Gardini is now widely expected to be one of Mr Vernes's main backers.

Mr de la Genière, meanwhile, was climbing the ranks of the French administration. Breaking the family medical tradition — his father, grandfather and great-grandfather were surgeons — he attended the Ecole Nationale d'Administration (ENA), the elite civil service academy, before progressing to become director of the budget ministry and then, in 1979, Governor of the Bank of France.

A stalwart defender of the franc through three devaluations, his efforts to persuade the Socialist government of the merits of sound money are credited with contributing to the about-turn in French economic policy in 1983.

Monetary virtue had to be its own reward, however. Removed from the Bank of France by the Socialist government in 1984, it was not until the return of a right wing government in 1986 that Mr de la Genière was named as the head of Suez, a venerable financial power which converted itself after the nationalisation of the Suez canal into one of France's principal "banques d'affaires."

It was Mr de la Genière who took Suez back into the private sector in a stock market flotation days after the stock market crash of October 1987.

It is said that Mr Vernes had hoped to be given the Suez chairmanship by Prime Minister Jacques Chirac, his friend and political ally. Instead, it was the chairmanship of Compagnie Industrielle that he took over in June this year from the 75 year old Mr Jack France.

Mr France, once a partner in the Vernes bank, then chief executive of Suez, led the manoeuvres which kept Victoire — then nominally a Suez subsidiary — in the private sector in 1982 when its parent was taken over by the state. It was one of the most successful resistance movements to the nationalisations.

Suez resisted Victoire's escape, but had to recognise defeat in a formal peace treaty, signed in June 1983, which has governed the finely balanced relations between Suez and Compagnie Industrielle since then.

Last week, the balance broke down, and Suez launched its twin takeover bids in an attempt to clear up a structure in which it has a consolidated financial interest of 42 per cent in Victoire, but hardly any power.

The struggle appears more than a mundane takeover battle: in the contrasting personalities of Mr de la Genière and Mr Vernes two very different schools of French business are in conflict. With a counterbid from Mr Vernes and his allies now widely expected, it seems likely to be many weeks before the victor emerges.

FILMS ON FINANCE

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ON FINANCE FILMS ON FINANCE FILMS ON FINANCE FILMS ON FINANCE



Back in 1970, a small group of Americans and Canadians in Vancouver formed an organisation called the Don't Make a Wave Committee to protest at US testing of a nuclear weapon off the coast of Alaska.

The name was chosen because of fears that a tidal wave might result from the explosion. From this has grown the huge Greenpeace international organisation which has been making waves ever since by meticulously planned campaigns to protect wildlife and the environment.

This week it pulled off one of a string of successful publicity coups when it initiated a campaign which caused a Russian ship, the Khudochnik Saryan, carrying a toxic cargo of PCBs (polychlorinated biphenyls), to be turned away from Tilbury. Other docks immediately instituted similar bans.

On Tuesday, Charles Kronick, a 38-year-old Greenpeace researcher and anti-toxic waste campaigner, was doing paper work at the organisation's London headquarters tucked away above an antique market in Islington.

At dawn on Wednesday, he found himself piloting a rubber dinghy up the Thames to spearhead the Greenpeace protest against the importation of the hazardous material.

"You cannot deny that there is a certain amount of adrenalin running when you are involved in these confrontations," says Kronick. "You have to take it seriously when you are dealing with ships of that size."

"But you don't do it just for the excitement. That and my other work are just two sides of the same thing."

The operation, which generated big headlines and much TV coverage, was a classic example of the direct action which is at the core of the Greenpeace philosophy. It has used the media ingeniously to focus world attention on the save-the-whale campaign and the long-running battle against French nuclear testing in the Pacific. Local action has involved members hanging banners on Nelson's column and abseiling from bridges to protest against acid rain.

These tactics set it apart from other environmental groups, some of which look askance at such goings on. But allied to direct action is a belief in non-violence and "bearing witness" against what it perceives as the evils of the world which stems from the Quaker faith of some of the founders.

Before the events of this week, Greenpeace London headquarters had been planning an anti-toxics campaign for 18 months and knew that a number of vessels were leaving Canada with PCBs destined for Liverpool.

But the sudden appearance of the Russian vessel with an entirely separate cargo for Tilbury escaped the Greenpeace early warning system, so the protest had to be mounted overnight.

How does the organisation keep track of such complex movements of materials around the globe? On this occasion, it received a tip-off from a local journalist. Its own supporters also provide a big intelligence network. There are 3.5m supporters worldwide, including 287,000 in Britain where their number is said to be growing at the rate of 2,500 a week.

John Hunt looks at the tactics Greenpeace uses in its campaigns for environmental causes

Making green waves

The organisation does not like to reveal its sources, but it also hears leaks from people within multinational companies and even within government. These "moles" are dismayed at what they see happening to the environment without the public's knowledge. Trade unionists are another prime source of information.

Greenpeace also has its own computerised database containing information about shipping movements, company records and toxic materials. Most of the offices in the 22 countries where it has members keep their own records and there is an international exchange of information via a central database in Amsterdam, the international headquarters.

Incomes in the UK last year amounted to £2.5m and are estimated at £44m for the whole organisation. The main source is the £12-a-year subscription from supporters. Budgets are worked out by the national bodies and approved at the annual meeting of Greenpeace's interna-

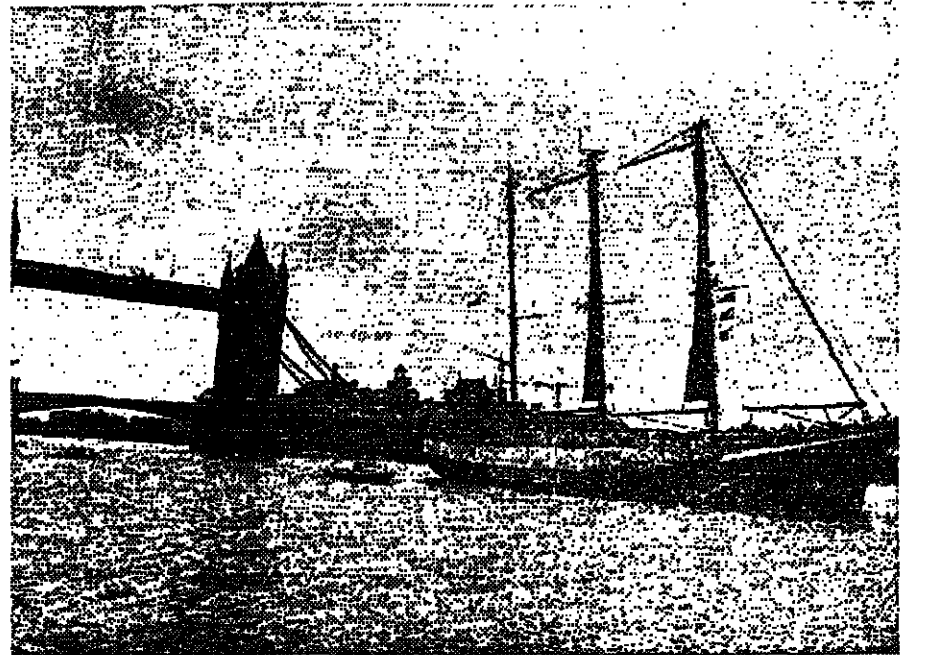
tional council in Amsterdam on which each country is represented. The money is then parcelled out for particular international campaigns.

The British branch was founded in 1977. Its current director-general is Lord Melchett, the former Labour Environment Minister. He is responsible to a five-member board. Campaigns in Britain are meticulously planned. There are five different units - nuclear disarmament, civil nuclear power, the atmosphere, toxic waste and wildlife. Before any campaign is launched, there is close consultation with Sue Adams, the chief press officer.

The considerable scientific research needed to back up a campaign is reviewed. The mood of the public is assessed to see if the time is right for action. Ms Adams insists that complex ideas are broken down into words the tabloid newspaper reader can understand.

Greenpeace activities make good television pictures. "We have a good relationship, but we don't live in each other's pockets," says Ms Adams.

The organisation now has its own television team employing four people and using freelancers. Videos are made of its activities and are sometimes shown by the national TV companies. An action unit with a staff



The new Rainbow Warrior: in the Pool of London

of three train members in diving, climbing and abseiling techniques. It also assesses their physical fitness.

The international organisation runs a fleet of seven vessels. This week, the second Rainbow Warrior, converted from a trawler at a cost of £2.5m, sailed from London with sophisticated communications equipment on board to keep it in

touch with any branch of Greenpeace. The original vessel was sabotaged by French intelligence agents in New Zealand in 1985, in an explosion in which one person died. The organisation is still expanding. This year, a Greenpeace office was established in the Soviet Union and it is hoped that other offices will be opened throughout eastern Europe.

"HOW WAS your night?" has become the standard greeting in Beirut.

A certain prestige goes with the closest call, the greatest danger, having a direct hit on your building. The conversation exercises the evil spirits of the night.

Just like Londoners in the German blitz of 1940, friends and colleagues compare their experiences each Beirut morning. It was terrible in Hamra, they say. Shells every few seconds. How was it in the Bekay? There was a man killed in the next building. One man says he knew it would be bad as soon as he saw the Syrians park their trucks in his street for shelter.

It is the same on both sides of the "green line" that divides Beirut into Moslems and Christians. Both communities suffer equally and react in the same way to the same small and great tragedies. Both the Christian leader, General Michel Aoun, and Druse leader Walid Jumblatt have said that the worst is yet to come.

Can it get worse? Jumblatt told an Arab newspaper this week that "Beirut will become another Stalingrad. Its future is very dark. Beirut will be demolished to the ground."

By light of day, Beirut tries to slough off its nightmare. An irrational hope seizes the city each morning. No amount of daily retelling, however detailed, can recreate the terror of a few hours earlier: what it was like to see my neighbours trembling in a foetal position, as if reducing the exposed surface of their bodies could lower the chance of injury; how they listened speechless to the hollow boom of outgoing shells, then endured the short pause - seconds that seemed like an eternity - before an incoming shell crashed like a thunderbolt and enveloped them in its rumbling.

Each morning, people can be found in the corridors of my office block with a bar of soap and a towel as they look for a friend's home with enough water for a shower. Since mid-

Lara Marlowe describes the ordeal of daily life in Beirut as shelling reaches new peaks of intensity

The worst is yet to come

July the current to pump the precious liquid has come on only once a week and supplies are quickly exhausted. In the humid, 22 deg C (90F) heat, the lack of water is, after the shellfire, the greatest hardship. Housewives stack cases of Samsin and Sabit Lebanese spring water in their kitchens. But for the poorest residents of the city mineral water is a luxury item. They boil contaminated city water when it is available and save it in old bottles.

Twenty-five year-old Rwan, her husband and two small children, abandoned their flat in the Hamra district of West Beirut to stay at her emigrant parents' home in Ramlet al Baida - where a generator provides water and electricity. The young couple quickly calculated artillery trajectories

and the relative exposure of the building to shellfire. Having decided that the dining room was the safest, they assembled the family valuables there - Persian carpets, television sets, diplomas from American universities - along with necessities for themselves and their children.

Rwan says she has not left the apartment in 20 days because she is too frightened to go out. Her once perfect complexion is spicily and there are dark circles under

her eyes. Yet she refuses to leave Beirut and join relatives in Africa or the US. "This is my home, I grew up here. I don't know how I would live somewhere else," she says.

The electricity shortage makes it impossible to run a refrigerator - unless you can afford vast amounts of gasoline to keep a generator working.

Eating in a restaurant is therefore a risky business. "Is the meat good? Are you sure?" clients of the Spaghetteria ask

the waiters, seeking reassurance that they won't get food poisoning. Has the Spaghetteria really been running a generator all this time to keep its meat fresh?

Beirut cupboards are stocked with tinned goods for the bad days when it is impossible to go out for fresh food. Intrepid vegetable vendors throughout the city - even on the green line - are usually the first to test the calm between artillery battles. On days when there is no shelling, the smell of roasted chicken and schwarma - lamb cooked on a spit - wafts down West Beirut streets.

Syrian checkpoints are sandbag huts holding one or two soldiers, conscripts in their late 'teens, who silently appraise a car's passengers. When a soldier holds up two fingers in a V sign, it is not a gesture of solidarity; he wants a cigarette. If he is wearing his Soviet-made Second World War-vintage steel helmet, it is a sign that trouble can be expected.

West Beirut has suffered the worst casualties in the conflict between Lebanese Christians

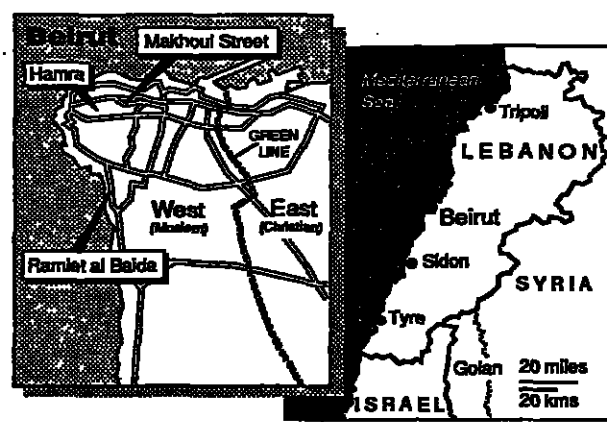
and Syrian troops which started in March, but it has been less affected by the blockade. At a supermarket operated by the pro-Iranian Hizbollah militia in the predominantly Shia Moslem southern suburbs, women in chadors fill grocery carts with everything from pasta to eucalyptus to peeled tomatoes - all imported from Iran and sold at 20 per cent below local prices. But Hizbollah has been battling intermittently against the rival Amal movement for control of the Shia community, the country's largest minority, and few Lebanese are willing to risk their crossroads just to save on groceries.

There have been bread shortages over the past four months. But for a price, delicatessens like Goodies and Smiths still imported cheese, fillet steak and Cadbury's chocolates. Goodies in Verdun Street will even make home deliveries under shellfire. The Sunni Moslem middle classes can still afford the price. But the Lebanese pound notes so beautifully printed by Thomas De La Rue & Company in London have fallen from 2.5 to the

dollar to 500 to the dollar since Beirut became a battleground in 1975, forcing customers to carry their currency in large plastic shopping bags.

The Back Street nightclub in Makhoul Street fills up every evening with Lebanese journalists. Red Cross workers and the few foreign diplomats still in West Beirut. Many of them have spent hours waiting out artillery battles in the red and black lacquered interior. The club is on the ground floor in a narrow street - the next best thing to a basement shelter - and two armed guards at the front door help to foster a false sense of security.

Vestiges of the good life (for rich Shia Moslems as well as for Sunnis) can still be found around the pools of the Coral Beach and Summerland Hotels - where designer swimsuits are de rigueur - and at West Beirut's Golf Club, infelicitously situated near the airport and the southern suburbs. During the recent Amal-Hizbollah gun battles, golfers had to seek refuge in the club houses. "I recall watching the third hole," a Beirut businessman recalls. "Hizbollah was firing rocket propelled grenades at them from the 16th hole. They made a terrible mess of the course."



Working figures

From Mr Peter Robinson.

Sir, In his article on the effects of European monetary union (EMU) on regional imbalances in Europe (August 7), Martin Wolf uses OECD information on regional differences in unemployment in order to make the generalisation that European states have worse regional problems than the US. This does not appear to be borne out by the OECD figures.

The extent of any regional imbalance is best measured by taking the ratio between the unemployment rate in the high unemployment regions and the rate in the low unemployment regions. A higher ratio signals a worse regional imbalance.

In the US, in 1987, the high unemployment regions had an average jobless rate of 8.4 per cent; 4.1 per cent in the low unemployment regions. The ratio was just over 2. In Britain the ratio was 13.8/7.6, about 1.8. In France the rate was 1.5, and in the Netherlands close to unity. In Germany it was 2.3, in Italy nearly 3.

Clearly it is not possible to generalise about the European countries. Some have more severe regional problems than the US - especially Italy - but many do not.

The US does have more regional differentiation in pay, and certainly more labour mobility among manual workers. But it does not appear to have any less of a regional problem as a result of these "flexibilities".

Peter Robinson, Campaign for Work, Tottenham Town Hall, N15

Letters

From Mr Paul Grotrian.

Sir, I was fascinated by Peter Gillman's article, "Everest: The Final Challenge" (Weekend FT, August 5). Over the argument on the complete ascent I place myself in the Chris Bonington camp. The first part of the ascent of North East Ridge is so horrifyingly difficult and dangerous that there seems no good reason for it ever to be attempted again.

What really intrigues me, however, is comment about the North Col route and the story and Irvine in 1924.

Your correspondent writes: "They will also have to surmount the rock buttresses known as the First and Second Steps. These are among the mythic sites of mountaineering, for it was on one of these steps - no one is quite sure which - that George Mallory and Andrew Irvine were spotted as they made their bid for the summit in 1924. Soon afterwards clouds closed round them and they were never seen again. Subsequent parties on the ridge report no traces of the missing men."

A lot of this is open to question. There is nothing mythical about the First and Second Steps; at least three parties have got the better of them. What is important is that the First Step, as seen from below, is something of a swindle: by the standards of anyone capable of getting that far, you do not have to climb it, you just stroll round it.

The leads considerable force to Odell's impression that he saw what may have been Mallory and Irvine going strong for the top. One of the arguments against this "sighting" was that Mallory and Irvine would have had to overcome the First Step in a time which then was not thought possible. No one doubts Odell's bona fides, nor the fact that he was the subject of an unprece-

Not just a couple of rocks

dentified form of acclimatisation. Very serious consideration must be given to the possibility that what Odell saw was Mallory and Irvine, and not just a couple of rocks.

Subsequently there was material evidence that Mallory and/or Irvine had been going right. An ice axe was found on the alarming slabs leading to the Great Couloir. The axe had come from a maker in Innsbruck whom both Mallory and Irvine had patronised; it cannot have belonged to anyone else.

Further unusual evidence is now to hand. Tom Holzel, assisted by Audrey Salkeld, has written "The Mystery of Mallory and Irvine," published by Cape in 1988. His main point is that hitherto no one had set out deliberately to look for Mallory or Irvine. He formed a theory as to what had actually happened; and this was confirmed in an astonishing manner.

For a long time after the Chinese occupation of Tibet, no Europeans were allowed to attempt the North Col route. One day a Chinaman discovered the frozen corpse of an Englishman, dressed in the manner that Mallory and Irvine would have been. The clothing was in such a condition as one would expect, and the body was in the place where Holzel predicted Irvine's body would be.

Very unluckily for him - and also unluckily for the search - the Chinaman was killed in an avalanche two days later, before he could be interviewed by anyone who really knew what he was talking about. Investigations continue. It is hoped that one day Mallory and Irvine's notebooks and cameras will be discovered. I am sure we have not heard the end of it.

Paul R. Grotrian, 19 Fagcross Road, Godalming, Surrey

Tourism needs a clear lead

From Miss Sarah Dale.

Sir, It was hard to identify a worthy recipient of a bouquet in "Bonquets and Brickbats" (August 5).

What the tourism industry needs is a rationalised organisational chart in which the British Tourist Authority is charged with all tourism promotion, both domestically and internationally, executing this through a network of regional tourist boards.

What we do not need is reduction of the English Tourist Board to a rump, and abolition of development grants for England - whereas the Scottish and Wales tourist boards continue to have overseas representation rights and to administer development funds.

In spite of declarations to the contrary, the present UK Government demonstrates a lack of commitment to tourism. It is apparently appropriate to grant subsidies to manufacturing industry, while planning to cut in real terms the BTA's grant-in-aid.

Government's role as co-ordinator in the international market place is vital. When the US Travel Service pulled out of overseas promotion, the US lost 25 per cent of its market share in 10 years.

Sarah Dale, The British Incoming Tour Operators' Association, 77 Oxford Street, W1

The disclosure debate

From Mr R.A.J. Waddingham.

Sir, It is sad to learn that the Securities and Investments Board (SIB) has decided against the Consumers Association, and is to let the insurance industry have its own way on disclosure of expenses and commissions (August 4). Rather than declaring expenses in cash terms, insurance companies are to be allowed to hide their costs by quoting the equivalent likely reduction in the future investment yield.

Such information is not likely to help the investing public. For some time the insurance industry has "hidden" the front end expenses and commissions on "untaxed" policies by the invention of "capital units." These units have quoted values, purporting to be marketable values, but the small print says these units cannot be realised at their so-

called "market values" because their future investment returns have been debited in advance with, typically, a 4 per cent a year expense charge.

Although this deduction from future yields was declared, the true effect was concealed. Capital unit holders are agast when they discover that the real values are often less than half the quoted values. (Indeed it is appalling that newspapers continue to publish "market values" on capital units when such values have no real meaning.)

The device of capital units has not given even informed investors an inkling of the actual size of front-end expenses, yet this is the approach the SIB has chosen. It should think again.

R.A.J. Waddingham, Barnett Waddingham & Co, 11 Tufston Street, SW1

Pensions and their value

From Mr N.H. Redman.

Sir, Eric Short's item on private sector pensions failing to maintain their real value (August 6) was followed, ironically, by a report that personal pension sales had reached 3.5m. No doubt many had declined membership or opted out of good company schemes. Perhaps some were persuaded to do so by press comment criti-

cal of company schemes failing to use surpluses to improve pensions whose real value has declined. Employers should be given more credit for what they have been able to do to protect pensions, rather than criticism because they failed to achieve an ideal.

N.H. Redman, 18 Reading Road, Westbury-on-Trym, Bristol

Hillsborough aftermath

From Mr J. Pendlebury.

Sir, Lord Taylor, in the interim report on the Hillsborough football disaster, is quoted as saying the main reason was failure of police control.

There were many reasons why the disaster occurred, but the one thing responsible for most of the deaths was the perimeter fence, obviously designed to withstand a pressure well above that which the human body can withstand. Blame must surely attach to those who authorised building the perimeter fence so that pressure could not be relieved in a controlled manner.

J. Pendlebury, 2 Louisa Avenue, Barrow Bridge, Bolton, Lancashire

A little local difficulty

From Mr Ilyd Harrington.

Sir, Mr Stephen Garvin's call for the abolition of local government (Letters, August 7) shattered even my cynicism.

Goodness knows, he cannot have been paying much attention as a member of the London County Council Education Committee: locally elected people who built an education system which was the envy of the world.

I wonder, in the event of a left-wing government in the UK, whether Mr Garvin would object to it using the instruments of over-centralisation which the present Government would have prepared? Things might then get difficult in his corner of East Sussex.

Ilyd Harrington, Inner London Education Authority, The County Hall, SE1

Table with columns: Product, Rate, CAR, Interest, Maturity, Minimum, Access and other details. Contains various financial products and their terms.



UK COMPANY NEWS

North American push gives Unilever £787m

By John Thornhill

STRONG GROWTH in North America combined with more modest progress in Europe, produced a 14 per cent interim profits increase at Unilever. The Anglo-Dutch consumer products group recorded pre-tax profits of £787m for the six months to June 30, compared with the £689m. Turnover rose 11 per cent to £9.16bn.

The second quarter profit at £445m (£375m) was ahead of most forecasts, although £37m was accounted for by the sale of a Swedish office building.

Commenting on the half year figures, Mr Michael Angus, chairman, said: "By and large it has been a pretty satisfying performance."

In particular, he emphasised the strong performances of Unilever's operations in North America and the rest of the world. North American businesses lifted half year operating profits by 53 per cent to

£140m (£92m) and operating margins improved from 5.6 per cent to 7.6 per cent. This increase was helped by the inclusion of two industrial food companies, Durkee and Pen-nant Products, which were acquired in late 1988.

Operating profits for the rest of the world were up 15 per cent to £179m (£155m). Mr Angus said good progress had been made in India as Unilever recovered from a price war in the detergent market. Strong advances were also recorded in Chile, Indonesia and Australia. Sales were up by 17 per cent.

In comparison, growth in Europe was more sluggish. Operating profits rose by 9 per cent to £906m (£838m) on turnover ahead by 8 per cent to £5.52bn (£5.1bn). Heavy promotional spending and depressed state of the agricultural market held back further profit gains. Frozen products, how-



Michael Angus, a pretty satisfying performance. Unilever has continued its

extensive acquisitions policy and has made 33 purchases since the beginning of the year at a cost of almost £1.5bn. This includes the acquisition of two large cosmetic businesses - Calvin Klein Cosmetics and Fabergé/Elizabeth Arden - although both were made after the end of the half year.

Attributable profits, which were flattened by exchange rate benefits and exceptional profits, were 23 per cent higher at £478m (£387m). Earnings were up to 25.56p (20.73p).

Mr Angus said provided there were no unfavourable economic developments, the performance would be maintained throughout the year.

COMMENT  
Unilever has shown some steady progress and the year as a whole looks steady too; ongoing volume growth was a healthy 5 per cent, of which

acquisitions contributed 3 per cent. North America and the rest of the world fared well but Europe was less vibrant. The company's phenomenal advertising budget of over £1bn a year is a sure indication of its commitment to the future; but some of this expenditure has a decidedly defensive edge. Fears of a flood of super-concentrated Japanese detergent have resulted in a pre-emptive advertising skirmish in Europe. Pre-tax profits for the year are likely to climb to £1.57bn, giving Unilever a prospective multiple of about 12. That represents a marginal discount to the sector which seems grudgingly ungrateful given the longer term view. But it might just be that, after Unilever's recent re-rating, the market is pausing for thought and more growth has to be done before Unilever can expect to harvest the rewards.

Ward White shares fall as plan for buy-out is abandoned

By Philip Coggan

WARD WHITE, the group facing a £200m bid from fellow retailer Boots, yesterday abandoned its hopes of constructing a leveraged buy-out deal at a higher price than the hostile offer.

The news caused Ward White shares to drop 10p to 446p. That allowed Boots, which is bidding 445p per share, to purchase a further 7.3 per cent holding, taking its total stake to 15.3 per cent.

The Ward White statement said that "detailed and extensive discussions with a number of parties have established that in the current state of the debt markets it is not possible to create leveraged proposals."

The main proposals under discussion were believed to involve a management buy-out of Fayless, the DIY chain,

organised by Charterhouse Bank and a leveraged buy-out of the rest, organised by Shearson & Associates.

Mr Philip Birch, Ward White's chairman, said that in the wake of the problems of other retail LBO deals, such as MFI and Magnet, providers of that kind of money became increasingly concerned about their exposure to the sector.

Leveraged buy-outs involve large amounts of debt and the current high levels of interest rates have both increased the costs for companies of servicing that debt and squeezed the demand for their goods, thus reducing the cash flow needed to meet the interest payments.

Ward White is continuing to reject the Boots offer and is today expected to publish a breakdown of its internal prof-

its estimate of £33m for the six months to July 31.

Mr Robert Genn, chairman of Boots, said yesterday that "Ward White has been hiding behind a smokescreen of suggestions that there might be alternative proposals forthcoming to rival our increased offers. In a statement today they have at last made it clear that this is not going to occur. Shareholders should accept our increased offers at once."

The Boots offer, which is final, is due to close on August 22 and will not be extended in the absence of a rival offer.

One group unlikely to be pleased at yesterday's news is US arbitrage fund Junction Advisors, which has bought a 4.4 per cent stake in Ward White at prices of up to 461p, well above the Boots offer.

Novel alternative for Myson

By John Thornhill

BLUE CIRCLE Industries, the cement and home products company, has included a novel share alternative proposal in its £195.7m agreed offer for Myson, the boiler and radiator manufacturer.

In its formal offer document posted yesterday, Blue Circle offers Myson shareholders 240p in cash, with a loan alternative, for every share held.

But in addition, it is offering a share alternative, which will be worked out on a formula basis, at an assured value of 230p per share.

It is believed that this is the first

time that such an offer has been made in the UK and needed prior approval by the Takeover Panel.

The proposal works as follows: when Blue Circle declares its bid unconditional, it will take the average price of its shares over the previous five days and fix that as their value. It will then be able to determine the number of shares that have to be issued to Myson's shareholders to satisfy the assured price of 230p.

Mr Jim McColgan, Blue Circle's joint managing director, said Myson shareholders would

benefit from the proposal because they would receive Blue Circle shares at an assured value.

But Blue Circle will also benefit as it is protected against the risk of its share alternative rising above the cash offer, thereby inhibiting its ability to buy further shares in the market.

Blue Circle's offer document is accompanied by a letter from Myson's directors.

They write that Blue Circle's offer is clearly higher than Yule and Valer's earlier £180m bid and that it has strong commercial logic.

Spice falls £4.6m into the red

By Andrew Hill

SPICE, the troubled motor parts distributor, yesterday reported first half losses of £4.6m before tax - far greater than the group itself had expected.

In an attempt to strengthen Spice's battered balance sheet, the USM-quoted group announced its second rights issue within six months. It should raise about £2m in a three-for-four issue at 20p each, against yesterday's close of 21p, down 5p.

Spice's auditors qualified the accounts, but its bankers have agreed to keep a £4m overdraft facility available until September 1990.

Losses per share were 53.6p (23p earnings) for the six months to March 31. No dividend (1.2p) was declared. In the first half of 1987-88, Spice made £268,000 before tax.

Spice also announced it had bought a 50 per cent stake in a chain of retail outlets in London, providing £300,000 worth of stock.

It has also sold its 25 per cent interest in Spice Engineering to Mr Gordon Spivey, who has given up his executive responsibilities as chairman, for £38,000.

PHK decides against valuing trade names

By Andrew Hill

PFG Hodgson Kenyon International (PHK), the new company formed to buy funeral directors Hodgson Holdings and Kenyon Securities, will not value the trading names of subsidiaries in its accounts.

The move reverses February's controversial decision by Hodgson, the UK's largest quoted funeral director, to put a value of £32m on the names of 80 subsidiaries bought over the last eight years.

Hodgson had argued that when buying a funeral business, goodwill and the value of the trade name were one and the same. The group - Britain's largest quoted funeral director - changed its accounting policy to avoid having to write off goodwill against capital and reserves, eroding shareholders' funds.

But advisers are thought to have told Hodgson that the new accounting procedure would complicate PHK's

expansion plans in Europe and the US, Kenyon does not put a value on its trade names.

PHK should pose its offer document on Monday. Indications are that PHK will have a market capitalisation, including ordinary and preference shares, of nearly £100m, combined net assets of £25m and borrowings of £5m.

Some Hodgson shareholders are upset by the terms of the deal, which offers equal value to both groups of investors

despite the fact that Hodgson and Kenyon have different ratings and size.

The merger will initially give Pompa Foodbars, Gédralles, the former directing subsidiary of French water company Lyonnaise des Eaux, a 14.5 per cent stake in PHK. That could increase to about 25 per cent with the conversion of preference shares acquired from B&C Ventures, British & Commonwealth Holdings' development capital operation.

Aberfoyle loses resolution on pre-emption rights

By Philip Coggan

ABERFOYLE, the overseas trading company with interests in Zimbabwe, was defeated at its annual meeting yesterday on a special resolution allowing directors to allot up to 5 per cent of its equity without invoking pre-emption rights.

Crescent Africa, the group led by Ghanaian Mr Kojo Nyanteki which owns a 25 per cent stake in Aberfoyle,

opposed the motion. On a poll, 62 per cent of shareholders voted in favour of the motion, less than the 75 per cent majority required.

Mr Nyanteki has consistently criticised the board and he said yesterday that he had "very little faith in the executive management. We will continue to breathe down their necks."

Rank acquires 18 Pizza restaurants

By John Ridding

Rank Organisation, the leisure and entertainment group, is acquiring 18 Pizza restaurants through the purchase of Little Dudley House, a private company, for about £7m.

The restaurants, which are called Pizza Pizzas, are located in the south of England.

Mr Douglas Yates, director of special projects, said that the chain was profitable, but would not give figures.

Two more companies hit by UK trading conditions

By Edward Sussman

THE TOUGH UK retail climate has contributed to difficulties at two more companies - Oakwood Group and Campbell & Armstrong.

Oakwood, a diversified branded textile and specialist electrical contracting company which merged last August with CoxMoore, was the much harder hit of the two.

The directors said they expected to report a pre-tax loss of £2m for the half year to June 30, with an additional £2m extraordinary charge.

Oakwood shares have fallen recently, and lost another 30p

to close at 75p yesterday.

At Campbell & Armstrong, the shopfitters, a downturn in profits derived from retail-related activities was already expected, but was confirmed yesterday by Professor Roland Smith, chairman, at the agm.

However, Mr Ray Chambers, chief executive, said the statement was not a profits warning. He estimated shopfitting turnover would reach £70m (£65m) - 83 per cent of sales.

The shares fell 10p to 155p. Mr Chambers said the market over-reacted because of some shopfitters' recent problems.

March says it is turning the corner this year

By Edward Sussman

MARCH GROUP, the USM-quoted racing car manufacturer, is looking for 1989 to be a turnaround year, with an expected return to profitability in 1990, says Mr John Cowan, the chairman, in his interim report.

For the six months to April 30 1989 the group made a pre-tax profit of £117,000. That compared with £113,000 which turned into a loss of £4.5m by the end of 1987-88.

At the end of May the group said its Formula One Grand Prix, Formula 3000, and its wind tunnel operations for £6.25m as part of its financial

reconstruction. Mr Cowan said the pre-tax result included £703,000 from those.

March Engineering, which built March and Ball racing cars, now had sufficient capital to support its rationalisation and development plans. The management team was concentrating on the IndyCar market where the subsidiary previously dominated.

The early season success of the March Alfa Romeo, and March Formula 1989 programmes signalled well.

Proceeds from the disposals and the rights issue had eliminated borrowings.

DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding dividend	Total for year	Total last year
March Group \$	nil	-	0.64	-	0.64
Sphere Invest	0.875	-	0.875	-	2.082
Stavert Zigomals	15.15	-	12.75	15.15	12.75
West Trust	0.25	-	0.25	-	-
Wholesale Fitts	12.75	Oct 20	10.2	15.93	12.89

Dividends shown pence per share net except where otherwise stated. \*Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. \$USM stock. ‡Unquoted stock. #Third market.

LONDON RECENT ISSUES

Issue	Amount	Latest	1989	Stock	Closing	Price	±
1000	F.P.	11/30	1000	Carlton Comm. & 5p (Net) Co. Ltd. 5p	1100	-	
1000	F.P.	29/9	1000	Carlton Comm. & 5p (Net) Co. Ltd. 5p	1100	-	
1000	F.P.	29/9	1000	Carlton Comm. & 5p (Net) Co. Ltd. 5p	1100	-	
1000	F.P.	29/9	1000	Carlton Comm. & 5p (Net) Co. Ltd. 5p	1100	-	
1000	F.P.	29/9	1000	Carlton Comm. & 5p (Net) Co. Ltd. 5p	1100	-	

FIXED INTEREST STOCKS

Issue	Amount	Latest	1989	Stock	Closing	Price	±
1000	F.P.	11/30	1000	Carlton Comm. & 5p (Net) Co. Ltd. 5p	1100	-	
1000	F.P.	29/9	1000	Carlton Comm. & 5p (Net) Co. Ltd. 5p	1100	-	
1000	F.P.	29/9	1000	Carlton Comm. & 5p (Net) Co. Ltd. 5p	1100	-	
1000	F.P.	29/9	1000	Carlton Comm. & 5p (Net) Co. Ltd. 5p	1100	-	
1000	F.P.	29/9	1000	Carlton Comm. & 5p (Net) Co. Ltd. 5p	1100	-	

RIGHTS OFFERS

Issue	Amount	Latest	1989	Stock	Closing	Price	±
300	Nil	12/9	6700	Mill Group Ltd.	6700	-	
145	Nil	15/9	2200	Mill Group Ltd.	6700	-	
300	Nil	15/9	6000	Mill Group Ltd.	6700	-	
300	Nil	15/9	6000	Mill Group Ltd.	6700	-	

\* Annual dividend. † Figures based on prospectus estimates. ‡ Dividend rate paid or payable on part of capital, where based on dividend on full capital. § Dividend and yield include special payments. ¶ Dividend and yield based on estimated annualised dividend rates, cover based on previous year's earnings. †† Dividend and yield based on Prospectus or other official estimates for 1989. ‡ Dividend and yield based on prospectus or other official estimates for 1989. § Dividend and yield based on prospectus or other official estimates for 1989. ¶ Dividend and yield based on prospectus or other official estimates for 1989. †† Dividend and yield based on prospectus or other official estimates for 1989. ‡ Dividend and yield based on prospectus or other official estimates for 1989. § Dividend and yield based on prospectus or other official estimates for 1989. ¶ Dividend and yield based on prospectus or other official estimates for 1989. †† Dividend and yield based on prospectus or other 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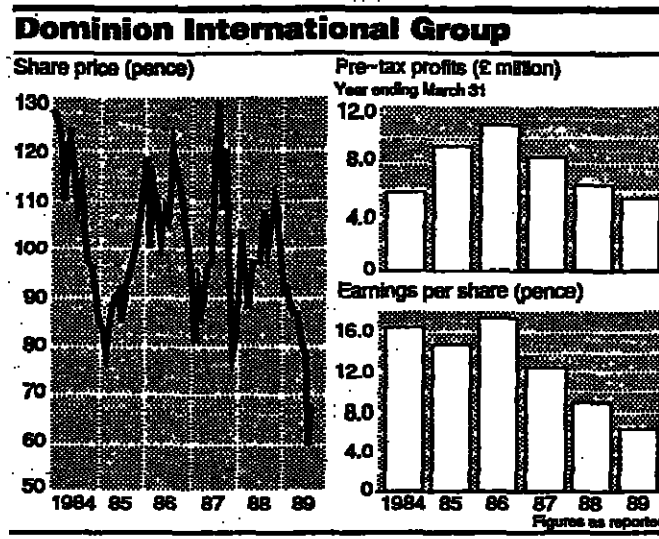


UK COMPANY NEWS

Calling for an end to jolly shareholder perks

Clare Pearson on the changes being demanded at Dominion after the departure of Max Lewinsohn

THE CHRISTMAS tea parties will just have to stop. That was the view of one investor at this week's annual meeting of Dominion International...



repeated statements from the company that it was working towards a 'better focus'...

the tortuous tale of Southwest Resources, the USM-quoted energy company of which Mr Lewinsohn is still, for the moment, chairman.

GrandMet invests A\$50m into Elders offer

By Ray Bashford

GRAND Metropolitan, the international food and brewing company, is participating in the A\$50m (€28.8bn) takeover offer for Elders Ltd...

Our Price-directors to resist legal proceedings

By John Ridding

THE five directors and senior employees of O.P. Price who have been dismissed or suspended by WH Smith...

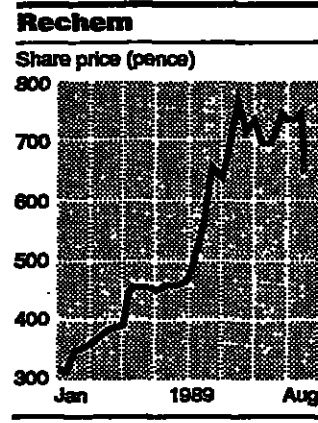
Barclays takes control of CFS

Barclays, the biggest UK credit card issuer, has bought a controlling stake in CFS Card Finance Systems of Hamburg.

Public concern can turn into a double-edged sword

Vanessa Houder looks into the latest controversy surrounding waste disposal companies

AS A specialist in toxic waste disposal, Rechem has been at the eye of a storm this week. Yesterday, its share price fell 10 per cent as the publicity over hazardous imports finally took its toll.



hiccups, which may encourage investors to steer away from the company.

Table with 2 columns: Company Name and % share price change over one year. Includes Rechem Env Services (+152), Caird Group (+122), Shanks & McEwan (+80), etc.

These were fuelled last year by fears it might treat the wastes from the Karin B, a ship carrying chemical waste that was turned away from the UK.

standards are those companies which already line landfill pits with impermeable materials and monitor them constantly.

MARKET STATISTICS

Table of BANK RETURN showing liabilities, assets, and issue department figures for August 9, 1989.

Table of EUROPEAN OPTIONS EXCHANGE showing series, last, and bid prices for various options.

Table of BASE LENDING RATES showing rates for various banks and currencies.

ECONOMIC DIARY

TOMORROW: national Savings results for July. MONDAY: Central Statistical Office publishes July provisional producer price index numbers...

ance of payments. Commerce results for July. MONDAY: Central Statistical Office publishes July provisional figures of vehicle production...

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Large table of FT-ACTUARIES SHARE INDICES showing various equity groups and sub-sectors with their respective share prices and indices.

FIXED INTEREST

Table of FIXED INTEREST showing average gross redemption yields for various fixed interest securities.



INTERNATIONAL COMPANIES AND FINANCE

ABB offers to buy big Spanish electricals group

By Peter Bruce in Madrid and Robert Taylor in Stockholm

ABB BROWN Boveri (ABB), the European electrical engineering multinational, has offered to buy CCC, Spain's biggest electricals group, and restructure it as part of a Spanish government effort to turn around and modernise the country's ailing railway and power generation industries.

Merrill Lynch sells property subsidiary

By Karen Zagor in New York

MERRILL LYNCH, the Wall Street securities firm, is withdrawing from the residential property business with the sale of its unit, which is also known as executive relocation, to Prudential Insurance Company of America in a deal worth more than \$300m.

Brothers aim to show who's Boss

Haig Simonian visits the successful German menswear company

Few companies better illustrate the differences between image and reality in the international fashion business than Hugo Boss, the West German men's clothing group which has boomed since its preference shares in 1985.



Jochen Holy (left) and Uwe Holy: foreign turnover looks set to race ahead

Boss's overall sales growth of 21 per cent in 1987, admits Mr Uwe Holy. But the stagnation in domestic turnover has also been partly of its own making, Boss claims.

Petrofina pumps in a 6.5% increase

By Our Financial Staff

PETROFINA, the big Belgian oil company and the country's largest industrial group, reported profits up by 6.5 per cent in the first half of 1988 to Bfr11,498m (1987m) compared with Bfr10,798m in the same period of last year.

Swedish broker expands

By Robert Taylor

CARNEGIE, Sweden's biggest stockbroker and part of state-owned FRBanken, announced expansion plans yesterday which will involve the establishment of branches in Norway, Finland and Spain.

Decline at Placer Dome

By Robert Gibbins in Montreal

PLACER DOME, Canada's largest gold producer, recorded an 11 per cent decline in average realised gold prices in the first half, while production costs and exploration spending were higher.

Sharp advance at Weston

By Robert Gibbins

GEORGE WESTON, the main North American holding company of the Weston family, turned in sharply higher earnings for the first half of 1988.

WORLD COMMODITIES PRICES

Table with columns: Commodity, Unit, Price, Change, High, Low. Includes Gold, Silver, Copper, Nickel, Zinc, Tin, Lead, Wheat, Sugar, Cotton, Rubber, etc.

Table with columns: Commodity, Unit, Price, Change, High, Low. Includes Aluminum, Zinc, Lead, Tin, Nickel, Copper, Silver, Gold, etc.

Table with columns: Commodity, Unit, Price, Change, High, Low. Includes Soybean Meal, Soybean Oil, Cottonseed Oil, etc.

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Volvo logo



INT. COMPANIES

Hotel groups cool over Hilton

By David Churchill, Leisure Industries Correspondent

INTERNATIONAL hotel groups were cool yesterday about making what would need to be a \$3bn takeover bid for Hilton Hotels, the US domestic chain which late on Thursday said it was contacting prospective buyers.

Two Singapore banks record higher earnings

OVERSEA-CHINESE Banking Corporation (OCBC) and Overseas Union Bank (OUB), Singapore's third and fourth largest bank holding groups respectively, each recorded higher earnings for the six months to June, AP-DJ reports from Singapore.

LEGAL NOTICES

No. 804158 of 1988 IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION IN THE MATTER OF ASHLEY GROUP plc AND IN THE MATTER OF THE COMPANIES ACT 1985

EDUCATIONAL

EXPERT ADVICE HOTLINE 01-792 2244 MAKE SURE YOU STUDY AT A B.A.C. RECOGNISED COLLEGE

GIEL AN FRANCIS LEARN TO SPEAK FRENCH BY TOTAL NATURAL IMMERSION WITH FRENCH PARTICIPANTS FOR 7 INTENSIVE DAYS IN THE DORDOGNE

PERSONAL

Mr & Mrs R. By have pleasure in announcing the marriage of their daughter, Mrs Elizabeth to David William Lane on Saturday 22nd August 1989, at St. Matthews Church, Aylesford, Surrey, at 12.30.

CLUBS

has published the others, because of a policy on fair play and to help the reader from the club's point of view.

WEEKEND FT Advertisement Rates Per line (incl. 3 mths) 10.00 27.50

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar up despite intervention

CO-ORDINATED intervention by at least 10 central banks yesterday failed to halt a renewed surge by the dollar. The US unit was initially pushed higher in late New York trading on Thursday, underpinned by a strong bond market and good demand at the US Treasury's 30-year auction.

£ IN NEW YORK

Table with columns: Aug. 11, Last, Previous. Rows: 1 month, 3 months, 6 months, 12 months.

CURRENCY RATES

Table with columns: Aug. 11, Bank, Bid, Offer, Change. Rows: Australia, Canada, Hong Kong, etc.

CURRENCY MOVEMENTS

Table with columns: Aug. 11, Bank, Bid, Offer, Change. Rows: Sterling, US dollar, etc.

OTHER CURRENCIES

Table with columns: Aug. 11, Bid, Offer, Change. Rows: Argentina, Australia, Brazil, etc.

FORWARD RATES AGAINST STERLING

Table with columns: 1, 3, 6, 12 months. Rows: US dollar, DM, etc.

MONEY MARKETS

UK rates firmer

LONGER TERM interest rates were higher in London yesterday, partly in response to a weaker pound, but also because there seems to be little chance of a cut in bank base rates at least until next year.

FT LONDON INTERBANK FIXING

Table with columns: Bid, Offer. Rows: 3 months US dollars, 6 months US dollars, etc.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Table with columns: Aug. 11, Day's spot, Forward. Rows: UK, Canada, etc.

DOLLAR SPOT - FORWARD AGAINST THE POUND

Table with columns: Aug. 11, Day's spot, Forward. Rows: US, Canada, etc.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Aug. 11, Bid, Offer, Change. Rows: Belgium, France, Germany, etc.

EURO-CURRENCY INTEREST RATES

Table with columns: Aug. 11, Short term, 7 days notice, etc. Rows: Sterling, US dollar, etc.

EXCHANGE CROSS RATES

Table with columns: Aug. 11, £, \$, DM, Yen, etc. Rows: £/\$, £/DM, etc.

MONEY RATES

Table with columns: Aug. 11, Overnight, 7 days notice, etc. Rows: London, New York, etc.

LONDON MONEY RATES

Table with columns: Aug. 11, Overnight, 7 days notice, etc. Rows: Interbank offer, etc.

LONDON TRADED OPTIONS

Table with columns: Calls, Puts. Rows: FTSE 100 Index, etc.

LIFFE LIANG GILT FUTURES OPTIONS

Table with columns: Strike, Call, Put, etc. Rows: 12.50, 12.75, etc.

LIFFE EUROSTEARLING OPTIONS

Table with columns: Strike, Call, Put, etc. Rows: 1.00, 1.10, etc.

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LIFFE EUROSTEARLING OPTIONS

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FT GUIDE TO WORLD CURRENCIES Every Tuesday in the FT



WORLD STOCK MARKETS

NEW YORK (Cpm)

Table of New York stock prices for August 11, 1989, listing various companies and their prices.

INDICES

Table of stock indices including Dow Jones, S&P 500, and various regional indices for August 11, 1989.

NEW YORK ACTIVE STOCKS

Table of active stock prices in New York for August 11, 1989, including volume and price changes.

NEW YORK

Table of New York stock prices for August 11, 1989, listing various companies and their prices.

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Appl. in title



WORLD STOCK MARKETS

AMERICA

Dow surges to record level then falls away

Wall Street

AN UNEXPECTED fall in US producer prices in July sent the equity market soaring to record levels early yesterday but then profit-taking set in, writes Janet Bush in New York.

While half an hour of the opening the Dow Jones Industrial Average was quoted more than 16 points higher at a record level of 2,729.51 - compared with the all-time closing high set on August 25, 1987, of 2,722.42.

By 2 pm, however, the Dow came under quite heavy selling pressure and was quoted 2.55 points lower at 2,709.98. Volume was heavy with 1,300m shares changing hands by mid-session.

The profit-taking came in spite of very encouraging economic figures. The producer prices index fell 0.4 per cent in July and eased 0.3 per cent excluding the volatile food and energy components, suggesting a remarkable cooling in inflationary pressures since the first half of this year. Forecasts had looked for a flat PPI last month or a slight rise.

At the same time, US retail sales rose 0.9 per cent and there was a substantial upward revision in June retail sales. Yesterday's figures suggest that the consumer remains robust but that inflation is relatively subdued, the happiest combination that markets could hope for.

It was noted by some economists, however, that the larger-than-expected increase in retail sales was attributed in part to strong car sales in July. They rebounded after two months of weakness because of aggressive incentive programmes. Some economists said yesterday that the retail sales figures were not that strong.

The US Treasury bond market rose by a full point in reaction to the PPI figures but then fell back just as sharply. By mid-session, bond prices were quoted as much as 5/8 point lower.

Meanwhile, the dollar surged on foreign exchanges partly in reaction to overnight news that Japan's bilateral trade

surplus with the US had dropped sharply and partly on belief that the retail sales figure suggested considerable robustness in the US economy which would keep monetary policy on hold for the time being. Part of the dollar's strength was attributed to demand for dollar-denominated securities on the strength of confidence in a soft landing for the US economy.

The move early last week into cyclical and technology stocks from consumer non-cyclicals, which have led the market higher this year and significantly outperformed the Standard & Poor's 500 index, came to a halt yesterday.

International Business Machines dropped 1 1/4 to \$115, Motorola fell 3/4 to \$80 and Compaq Computer lost 1 1/4 to \$95.

Consumer stocks recovered yesterday after profit-taking early in the week. Philip Morris rose 3/4 to \$168 and Procter & Gamble gained 3/4 to \$126, continuing the stock's rally on Thursday. Some analysts noted that Philip Morris was benefiting from rumours that the company may be about to announce a stock buy-back programme.

MILAN closed little changed in active turnover, inflated by the expiry of options. The Comit index inched 0.24 higher to 702.77 for a rise on the week of 0.8 per cent.

BRUSSELS was pushed to its third all-time high this week, before holidays on Monday and Tuesday. The cash market index edged up 7.39 to 6,325.43, a gain of 1.6 per cent since last Friday.

OSLO ended an unimpressive week mixed, with investors becoming increasingly cautious before next month's elections. The all-share index fell 0.83 to 427.73.

HELSINKI edged up, with interest focused on Wärtsilä, the industrial group. Its shares soared after the news that it was relinquishing control of its Wärtsilä Marine shipbuilding subsidiary. Its series II free shares were the most traded free shares. They closed up FM44, or 3 per cent, at FM316.

STOCKHOLM saw its gains of recent days tempered by profit-taking. The Affärsvärlden general index eased 0.5 to 1,349.4.

Asa free B shares advanced SK5 to SK670 after news of the planned takeover of Spain's CCC by Asa Brown Boveri.

Australian bear claws its way to post-crash peaks

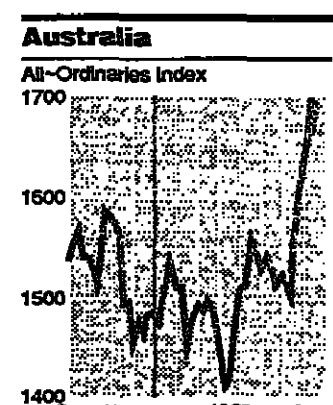
Chris Sherwell on the climb to a new trading range

AFTER 10 long months, Australia's stock market bear has finally awoken from its curious hibernation. Instead of meandering uncertainly nowhere, it has suddenly perked up and pranced purposefully to a post-crash peak.

In just six weeks, the widely-watched All Ordinaries index has climbed almost 200 points, from 1,501 at the beginning of July to a close yesterday of 1,695. At the same time trading volumes have expanded markedly.

"Exciting - but perverse," is how Mr Ian Weinman, head of research at BZW, describes it. "It's a paradox," says Mr Patrick O'Leary, chief strategist at ANZ McCaughan Dyson. "The economy sags at the moment, but the market is rallying."

Explaining what has happened is easier than predicting what will occur next. In those 10 months between September and July, the market moved more like a crab than a bear, with the index tracking sideways over a 150-point range between 1,410 and 1,560, except for a flurry higher in May.



IXL, the brewing-based conglomerate which is the second largest group, has seen its shares rise because of the special circumstances of a share offer, while BTR Nylex, the third largest, reported strong interim earnings this week.

In another qualification, Mr John Paterson, chief of research at brokers J.B. Ware, points out that the recent surge only means Australia is now keeping pace with its counterparts abroad. The All Ordinaries index is still more than 25 per cent below its pre-crash high of 2,305, while other markets have recouped most of their post-crash losses.

EUROPE

Speculation spreads to more French stocks

BOURSES had mixed fortunes yesterday, with Paris making a robust advance and Frankfurt continuing to consolidate, writes Our Markets Staff.

PARIS closed for a four-day weekend with a healthy gain, as Wall Street's powerful performance on Thursday and a spate of speculative stories kept activity going.

The OMF 50 index rose 2.05 to 512.60 from Thursday's close of 510.55, though it ended below its day's high.

Its gain on the week was only 0.5 per cent, with the broad market having failed to respond significantly to the excitement in the insurance sector which followed the Suez bid for Compagnie Industrielle and Victoire. The CAC 40 index rose 9.85 yesterday to 1,828.31.

Overall volume was estimated at just under FF2bn. The frenzy of activity died down a little in the insurance sector, although Suez itself rose FF12 to FF379 and Pechelbron, a holding company with an insurance subsidiary, FFA, jumped FF60 to FF1,265.

Elsewhere, cheese producer Fromageries Bel surged FF124 to FF2,300 on talk of a takeover, friendly bid or restructur-

ing. Plastics maker Sommer-Alibert was up FF142 at FF2,820 after a bullish article about the company's low price earnings ratio and profits outlook. Valouac, the steel pipe maker, climbed FF29 to FF420, with suggestions of a battle for control between two large shareholders, Tubacex of Spain and Dumez-GTM in France.

Among blue chips, Thomson CSF gained FF7.70 to FF201 in high turnover. It has been weak recently following a sell recommendation from a leading broker and concern over profits forecasts. But some investors expect its financial operations to benefit from falling interest rates.

FRANKFURT followed Thursday's pattern, opening firmly only to fall back on profit-taking. One analyst said it was a typical Friday, with shares closing mixed amid an absence of news, although volume was still reasonable.

The DAX index eased 1.33 to 1,609.93 and the FAZ index slipped 1.18 to 683.04, for a gain over the week of 1.5 per cent.

Turnover was fairly active at DM5.7bn, in spite of wariness before and after the US producer price figures.

Chemicals and utilities were again the best performers. Hoechst gained DM3.30 to DM309.70. Its US arm, Hoechst Celanese, reported lower net profits in the second quarter, in line with the slowdown in the US.

In the retail sector, Asko and Massa rose on speculation that one of them was in talks about a share swap with Dutch retailer Abold. Asko gained DM12 to DM85 and Massa rose DM12.90 to DM382.

AMSTERDAM was boosted to fresh highs by the firmer dollar, helpful news on US producer price inflation, and section and quarter earnings from Unilever that were at the top end of expectations.

The CBS all-share index rose 2 to a peak of 206.0, up 1.1 per cent this week, and the tendency index added 1.4 to 197.8, just 0.1 below its August 9 high. The last hour of trading was especially busy.

Unilever climbed FF1.30 to FF155.50, while Royal Dutch picked up FF2 to FF147.70, largely thanks to the strong dollar.

Retailer Abold rose FF2 to FF188.70 for a two-day gain of 3.4 per cent, triggered by talk of a share swap with Asko or

Massa in West Germany. ZURICH advanced in fairly high volume, although there were few features. The Credit Suisse index gained 5.2 to 671.2 - a sturdy 3.7 per cent rise on the week.

Brown Boveri, the engineering company, picked up SF7.45 to SF74.52. It attracted foreign interest after this week's results from Asa Brown Boveri, the jointly owned company which announced plans to take over the CCC group, a leading Spanish electrical concern.

MADRID ended little changed after a difficult session marked by worries that the July inflation figures would be bad. In addition, trading in three shares - Repsol, Telefonica and Dragados - had to be halted when dealers were unable to strike a price. Brokers said this was a result of the trading reforms, which had increased the number of traders, some of whom were uncertain of the new rules.

Banks and utilities were strong, with Endesa up 6.5 percentage points at 801.5 per cent of par. Oil group Repsol rose 22 to 501, but construction weakened. The general index eased 0.03 to 311.75 but was up 1 per cent on the week.

ASIA PACIFIC

Profit-taking erodes early gains

Tokyo

THE UPSURGE on Wall Street on Thursday night gave some cheer to the Tokyo market but investors were mostly distracted by the approaching midsummer holidays and share prices weakened in listless trading, writes Michiko Nakamoto in Tokyo.

Encouraged by the gains in New York, shares climbed in early trading, only to run into profit-taking by midday. After moving from a high of 34,831.70 to a low of 34,624.51, the Nikkei average closed down just 6.84 at 34,712.96, almost unchanged on the week.

Losses outnumbered gains by 594 to 388 while 138 issues were unchanged. Turnover slipped to about 500m shares from the 672m traded on Thursday. The broadly-based Topix index lost 1.93 to 2,638.20. In London, the ISE/Nikkei 50 index rose 1.43 to 2,111.42.

Once again the desire to take profits was the guiding principle in Tokyo yesterday. This was particularly so as investors prefer to unwind their positions before the holiday season. The Obon holiday, during which Japan will pay its respects to the dead, has already started for many people.

At the same time there were no clear market incentives to trigger buying interest apart

from a few strong earnings estimates. Analysts continued to bemoan the lack of market-leading themes. The new Cabinet minister, Mr Toshiki Kaifu, has not been much of an inspiration and world events have not offered any new themes of substance to stir the market out of its summer drowsiness.

The drive to take profits kept encouraged by the high-priced issues susceptible to quick movements, such as technology issues, which were also chosen for their good business estimates.

News reports that Toshiba, the all-round electrical machinery maker, was expected to boost pre-tax profits by 24 per cent to a record ¥22m for the current business year stimulated interest in the sector.

High-technology issues dominated the volumes list. Toshiba closed up ¥20 to ¥1,390 in the day's third most active trading of 18.8m shares. Sony continued to attract attention and advanced ¥160 to ¥2,440 in active trading; its biggest magnet is its rapid price movements, said one market participant.

Hitachi also added ¥30 to ¥1,700. It was the most actively traded issue with 30.5m shares. Fuji Film, another high-tech stock with a healthy earnings outlook and a lofty share price, gained ¥140 to ¥4,730 in the second most

active trading of 20.3m shares. Dalkyo, the largest condominium maker in Japan, posted a strong gain of ¥50 to ¥4,440 in active trading. It has a low price earnings ratio, and was recommended by a leading broker whose comments often send issues shooting up; it is also thought possible it will make a scrip issue.

Profit-taking undermined the Osaka market and the OSE average fell 12.95 to 34,840.56. Volume dropped to 69.9m shares from the 82.9m traded on Thursday. Nissin Foods, a strong riser on Thursday, lost ¥120 to ¥4,000.

15 per cent of its UK parent, BTR.

HONG KONG traded narrowly to end only slightly higher, with the Hang Seng index up 4.71 to 2,513.39, a gain on the week of 1.3 per cent. Cavendish International, part of the ICI Kashing group, was actively traded, gaining 25 cents to HK\$3.35 amid speculation that the company would be taken private at HK\$4.40 to HK\$4.50 a share.

SINGAPORE eased from its post-crash highs, with the Straits Times industrial index off 2.46 at 1,377.40 - a rise of 2 per cent this week. Turnover was an active 107m shares, though down from 113m on Thursday.

Far East Shipbuilding, which plans a bond-cum-warrant issue, rose 12 cents to S\$3.82.

KUALA LUMPUR stocks reached a post-crash high, driven by positive corporate results and speculative activity. The KLSE composite index rose 4.27 to 472.43 and share turnover climbed to a record 64.07m.

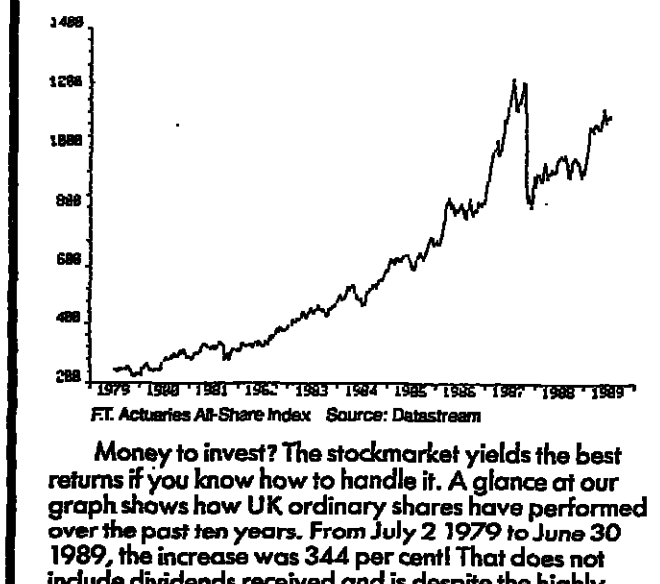
TAIWAN fell heavily for a third day as jitters pulled the weighted index further down from the 10,000 level breached on Tuesday. It fell 83.23, or 3.5 per cent, to 2,145.45.

SEOUL fell back a little, but newly-listed Keppo, the state-owned utility, again rose to the maximum Won1,000 to W24,000.

SOUTH AFRICA

PROFIT-TAKING and a thin pre-weekend market dragged prices down in Johannesburg after a very firm week.

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FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY AUGUST 10 1989				WEDNESDAY AUGUST 9 1989				DOLLAR INDEX	
	US Dow Jones Index	Day's Change %	Pound Sterling Index	Local Currency Index	US Dow Jones Index	Day's Change %	Pound Sterling Index	Local Currency Index	1989 High	1989 Low
Australia (65)	147.91	+1.2	134.78	128.59	147.91	+0.9	134.78	128.59	157.12	128.28
Austria (19)	139.85	+0.8	127.26	137.15	139.85	+0.2	127.26	137.15	138.89	92.94
Belgium (24)	137.74	+0.8	124.60	133.70	137.74	+0.1	124.60	133.70	133.80	125.58
Canada (53)	153.59	+0.2	139.96	130.40	153.59	+0.4	139.96	130.40	153.59	119.05
Denmark (36)	198.02	+2.2	161.36	188.25	198.02	+2.2	161.36	188.25	219.59	165.55
Finland (26)	130.23	+0.4	125.89	124.49	130.23	+0.2	125.89	124.49	159.16	125.81
France (126)	190.82	+0.3	118.78	190.73	190.82	+0.2	118.78	190.73	190.94	112.57
West Germany (100)	99.02	+1.1	91.05	93.29	99.02	+0.9	91.05	93.29	97.04	72.94
Hong Kong (46)	108.29	+0.8	89.53	108.45	108.29	+0.8	89.53	108.45	105.79	72.94
Ireland (17)	168.58	+0.4	151.89	168.51	168.58	+0.0	151.89	168.51	168.51	125.00
Italy (97)	95.01	+0.0	66.58	96.61	95.01	+0.3	66.58	96.61	95.04	74.97
Japan (465)	190.86	-0.1	174.03	167.92	190.86	-0.2	174.03	167.92	200.71	164.22
Malaysia (36)	191.83	+1.1	174.80	198.93	191.83	+0.9	174.80	198.93	185.22	143.26
Mexico (13)	267.07	+0.1	244.08	243.31	267.07	+0.2	244.08	243.31	245.25	148.30
Netherlands (43)	129.84	-0.5	115.05	125.03	129.84	-1.0	115.05	125.03	127.25	110.63
New Zealand (20)	79.75	-1.3	72.88	70.94	79.75	-1.0	72.88	70.94	71.89	62.64
Norway (24)	179.28	+1.7	163.35	168.56	179.28	+1.2	163.35	168.56	188.49	139.92
Singapore (28)	170.28	+1.1	155.15	162.96	170.28	+1.1	155.15	162.96	172.28	116.64
South Africa (90)	164.31	+0.5	140.81	158.21	164.31	+0.2	140.81	158.21	172.28	107.84
Spain (43)	150.05	+0.6	144.03	141.77	150.05	+0.1	144.03	141.77	141.70	145.14
Sweden (35)	188.94	+1.6	172.17	180.20	188.94	+1.1	172.17	180.20	188.94	136.45
Switzerland (64)	93.63	-0.6	85.32	94.55	93.63	-0.9	85.32	94.55	94.16	67.81
United Kingdom (310)	157.43	+0.1	143.48	143.48	157.43	+0.1	143.48	143.48	144.17	133.28
USA (551)	147.2	+0.4	129.14	141.72	147.2	+0.4	129.14	141.72	142.07	112.13
Europe (1005)	131.85	+0.2	116.98	125.01	131.85	+0.2	116.98	125.01	125.38	112.63
Nordic (121)	171.52	+0.1	158.30	159.71	171.52	+0.4	158.30	159.71	170.32	137.85
Pacific Basin (67)	186.29	-0.2	168.78	164.21	186.29	-0.2	168.78	164.21	184.58	160.44
Euro-Pacific (1673)	164.54	+0.0	149.93	148.42	164.54	+0.2	149.93	148.42	148.82	141.56
North America (575)	142.33	+0.4	129.89	141.03	142.33	+0.4	129.89	141.03	142.33	137.44
Europe Ex. UK (589)	115.32	+0.1	105.08	113.62	115.32	+0.1	105.08	113.62	115.32	107.84
Pacific Ex. Japan (719)	120.19	-0.9	116.55	117.78	120.19	-0.7	116.55	117.78	118.58	111.93
World Ex. UK (1670)	184.12	+0.0	149.55	147.99	184.12	+0.2	149.55	147.99	148.91	141.49
World Ex. SA (211)	154.81	+0.1	141.07	146.07	154.81	+0.0	141.07	146.07	148.02	138.67
World Ex. US (2367)	155.03	+0.1	141.27	145.85	155.03	+0.0	141.27	145.85	151.92	125.27
World Ex. Japan (1968)	135.07	+0.3	125.82	134.82	135.07	+0.1	125.82	134.82	134.48	114.51
The World Index (2421)	155.03	+0.1	141.27	145.85	155.03	+0.0	141.27	145.85	145.84	138.59

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LONDON STOCK EXCHANGE

Equities firm after confusing session

THE UK stock market rounded off yesterday's session, which was beset by confusing and often conflicting pressures...

Account Dealing Rates
New Dealings: Jul 31 Aug 14 Sep 4
Open Dealings: Aug 10 Aug 31 Sep 14
Last Dealings: Sep 1 Sep 15

spate of takeover moves - or mooted takeover moves. London tried to open higher yesterday morning in the wake of Wall Street's powerful performance overnight...

UK blue chips moved up as the latest US producer price and retail sales statistics appeared to confirm this favourable outlook. By early afternoon, the fall on the Footsie had been translated into a gain of 7 points.

Strategic Investments had increased its stake in the company to 20 per cent. Freeman rose 21 to 295p - making a rise of 35 on the week.

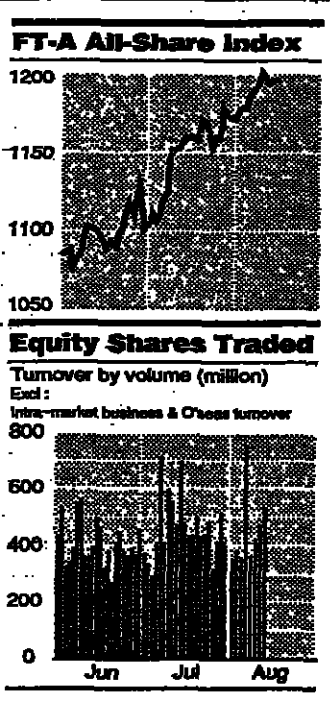
FINANCIAL TIMES STOCK INDICES

Table with columns: Index Name, Aug 11, Aug 10, Aug 9, Aug 8, Aug 7, Year Ago, High 1989, Low, Since High, Completion Low. Includes Government Secs, Fixed Interest, Ordinary Share, Gold Mines, FT-SE 100 Share, Ord. Div. Yield, SEAO Bargains, Ordinary Share Index, FT-SE Hourly changes, and S.E. ACTIVITY.

Cinema move hits Cadbury

Cadbury Schweppes were sharply lower on speculation that US group General Cinema had tried to place its stake in the market at 380p but failed to find any takers.

knights will arrive on the scene. Ward White is now virtually one of the issues for the new Financial Information, reminding one researcher, who thought that Ward White's last chance will be to present a detailed earnings forecast and say, a three-year business plan before the deadline...



Wellcome firm another 13 to 52p on further consideration of last week's US data on the effectiveness of its anti-Aids drug Retrovir. "It's no longer a speculative stock," said one marketmaker.

Shares in troubled furniture retailer Lowndes Queensway slumped again amid talk of imminent refinancing moves. Lowndes closed 5 1/2 lower at 22 1/2p.

TRADING VOLUME IN MAJOR STOCKS

Table showing trading volume for various stocks including ASDA, BT, BP, British Airways, British Telecom, British Water, British Airways, British Telecom, British Water, British Airways, British Telecom, British Water.

In the past the policy of the US group has always been to offer holders of the bonds cash, rather than the equity, which General Cinema preferred to retain. As from now, however, it is believed General Cinema will be offering holders of the Cadbury bonds shares, a move which would effectively dilute the US group's holding.

Analysts had a hectic morning trying to uncover the implications of the filing for purchase of up to 15 per cent of the BTR equity by Kohlberg Kravis, Roberts (KKR), the US break-up specialist.

their profit forecasts upwards. Mr Mark Duffy, at Warburg Securities added that 27m to his figure, which is now 2167m, while Mr Carl Short, at Kitcat & Aitken is going for 2169m, up from 2167m.

Shares in Hanson continued their seemingly inexorable rise, closing 3 higher at 514p on active turnover of 7.8m shares. Nomura Research dated the stock a hold in the wake of the acquisition of Consolidated Gold Fields. Nomura believes Gold Fields could contribute around 16m to Hanson in 1989/90 if the mining group is retained in toto.

Foreign interest, particularly from the US, helped Jaguar gain a penny to 392p while Rolls-Royce, slightly firmer at 190 1/2p, thanks to buying of the stock in the option market.

37p in thin trade, before easing to close a net 12 better at 375p. MBS slipped 3 to 17p after rises earlier in the week. Diversified manufacturing and contracting company Oakwood Group said it would report a loss at the interim stage of about 94m.

to the UK knocked 73 off the share price of Reem which closed at 655p. It also hurt Caird which shed 11 to 563p. Activity in Asda options remained intense and a late rush for the underlying stock on hopes of an imminent overseas bid saw the retailer's shares close 3 1/2 higher at 212p on turnover of 6.5m.

holders must be smiling now," said Ms Tibbian. Leading properties spent a day in the doldrums ahead of the three-week account which began at 3.30pm. Hamneron A drew some early buying interest but fell back to finish steady at 79p.

Boots senses victory

The not unexpected news that a leveraged buy-out will not be organised to save Ward White from the clutches of Boots's hostile 590m bid had the inevitable impact: Ward White shares dropped 10 to 44p, while Boots, after weakening initially, recovered to end up 2 at 265p as the market set aside its misgivings about the deal.

Interim figures from Dun-lever initially caught market-makers by surprise. They marked the price up to 638p before closer examination of the statement revealed 27m of profits due to a property disposal. The stock eased back to close 4 better on the day at 639p.

Blue Circle gave up early rises to finish unchanged at 271p in turnover of 1.8m as the company posted the formal offer document for Myson (232p). Press comment lifted Redland 5 to 569p while late buying in B.M. Douglas recovered earlier losses brought about by news that Govett

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COMMODITIES

WEEK IN THE MARKETS

Coffee sold down to fresh low

AFTER MARKING time for most of the week coffee futures prices sank to fresh 8-year lows yesterday under pressure from a new wave of Brazilian sales and expectations that heavy, cut-priced offerings from Colombia and Mexico (respectively the second and fourth biggest suppliers to the world market) would soon be weighing on the market.

quota restrictions in June. In Bogota, meanwhile, Mr Jorge Cardenas, general manager of the Colombian National Federation of Coffee Growers, said that he expected heavy shipments to result in the federation's stocks falling from between 4.8m and 5.2m bags at present to about 7.7m bags at the end of September.

underpinning influence. And expectations of Indian purchases did not appear to be severely dented yesterday when Mr Sukh Ram, the Food and Civil Supplies Minister, told the New Delhi Parliament that the country had sufficient stocks to meet demand in spite of a disappointing harvest.

tonne (having dipped to \$1,620 earlier), while the cash copper price put on \$36 to \$1,669. With the continuing stoppages at Papua New Guinea's Bougainville mine and Canada's Highland Valley (both 13.9, 0.01-ton-a-day-a-year operations) providing a firm background, the market had earlier shrugged off a sharp and unexpected rise in LME warehouse stocks, which had been falling steadily.

LEADERS AND LAGGARDS

Table showing percentage changes since December 30 1988 based on Thursday August 10 1989. Includes Agencies, Food Retailing, Conglomerates, Motors, Health & Household Products, Brewers and Distillers, Investment Trusts, Other Groups, Mechanical Engineering, Other Industrial Materials, Transport & Printing, Consumer Group, Industrial Group, Leisure, Textiles, Chemicals, Building Materials, Electronics, All Share Index, Capital Goods.

BENCHMARK GOVERNMENT BONDS

Table showing benchmark government bonds with columns: UK GILTS, US TREASURY, JAPAN, GERMANY, FRANCE, CANADA, NETHERLANDS, AUSTRALIA. Includes Coupon, Red Date, Price, Change, Yield, Week ago, Month ago.

APPOINTMENTS

Mr David Grogan has been appointed a director of GEORGE, ORRIDGE. JANE'S INFORMATION GROUP has appointed Mr Iain Duncan Smith as product sales director. He was marketing director of Balwinch.

Granada Computer international posts

Mr Andrew Parker has been appointed a director of LCP Developments, and Mrs Margaret Hopkins becomes marketing director of LCP Properties. Mr Gavan Sellers has been appointed a non-executive director of DZUS INTERNATIONAL. He is a senior executive with Grosvenor Venture Managers, major provider of the equity finance which enabled the management of the UK subsidiary to mount a buy-out from the US parent.

FORD SELLER MORRIS

properties has appointed Mr Bryn Mickleburgh (above) as finance director. He was finance director of Canada Maritime.

Mr Christopher Philip Nurse has been appointed group chief executive of J. HEWITT & SON (FENTON), Stoke-on-Trent. He was manager, corporate

Mr Mark Craze and Mr Simon Rees have been appointed directors of TMD ADVERTISING, and Mr Kevin Hurwell has been promoted to associate director from September 1.

Mr A.D. Wallis, managing director of VISTEC GROUP, has been appointed chief executive in succession to Mr A.L.R. Morton who continues as executive chairman.

Mr Peter Mansell has been appointed general manager of AMERICAN LIFE INSURANCE CO, UK. He joins from the Royal Insurance Group.

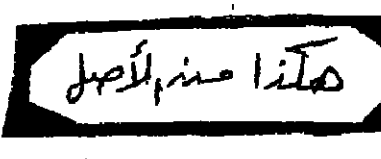
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FT UNIT TRUST INFORMATION SERVICE

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Main table containing unit trust information with columns for Name, Price, Yield, and other financial metrics. Includes sub-sections like 'OTHER UK UNIT TRUSTS' and 'INSURANCES'.

OTHER UK UNIT TRUSTS

INSURANCES

Continued on next page



FT UNIT TRUST INFORMATION SERVICE

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Main table containing unit trust information with columns for Name, Bid Price, Offer Price, Yield, and other financial metrics. Includes sub-sections for 'OFFSHORE AND OVERSEAS' and 'GUERNSEY (ISB RECOGNISED)'.

OFFSHORE AND OVERSEAS

GUERNSEY (ISB RECOGNISED)

MANAGEMENT SERVICES

LUXEMBOURG (ISB RECOGNISED)

JERSEY (ISB RECOGNISED)

GUERNSEY (ISB RECOGNISED)

John Little



FT UNIT TRUST INFORMATION SERVICE

Main table of FT Unit Trust Information Service, listing various unit trusts with columns for Name, Price, Yield, and other financial metrics. Includes sub-sections like 'ISLE OF MAN', 'LUXEMBOURG', and 'OTHER OFFSHORE FUNDS'.

LONDON SHARE SERVICE

Main table of London Share Service, listing various share funds and companies with columns for Name, Price, Yield, and other financial metrics. Includes sub-sections like 'BRITISH FUNDS', 'CORPORATION LOANS', 'COMMONWEALTH & AFRICAN LOANS', and 'MONEY MARKET TRUST FUNDS'.

Handwritten note: 'July 1989' with a signature.



LONDON SHARE SERVICE

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AMERICANS - Contd. Table with columns: 1989 High, Low, Stock, Price, Bid, Offer, P/E, Div, Yield. Includes companies like Am. Elec. Co., Am. Int'l. Corp., Am. Overseas.

BUILDING, TIMBER, ROADS - Contd. Table with columns: 1989 High, Low, Stock, Price, Bid, Offer, P/E, Div, Yield. Includes companies like Balfour Beatty, Bovis Lend Lease, Bovis Lend Lease.

DRAPERY AND STORES - Contd. Table with columns: 1989 High, Low, Stock, Price, Bid, Offer, P/E, Div, Yield. Includes companies like Debenhams, Debenhams, Debenhams.

ENGINEERING Table with columns: 1989 High, Low, Stock, Price, Bid, Offer, P/E, Div, Yield. Includes companies like BAE Systems, BAE Systems, BAE Systems.

INDUSTRIALS (Misc.) - Contd. Table with columns: 1989 High, Low, Stock, Price, Bid, Offer, P/E, Div, Yield. Includes companies like British Airways, British Airways, British Airways.

INDUSTRIALS (Misc.) - Contd. Table with columns: 1989 High, Low, Stock, Price, Bid, Offer, P/E, Div, Yield. Includes companies like British Airways, British Airways, British Airways.

CANADIANS Table with columns: 1989 High, Low, Stock, Price, Bid, Offer, P/E, Div, Yield. Includes companies like Alcan, Alcan, Alcan.

BANKS, HP & LEASING Table with columns: 1989 High, Low, Stock, Price, Bid, Offer, P/E, Div, Yield. Includes companies like Abbey National, Abbey National, Abbey National.

ELECTRICALS Table with columns: 1989 High, Low, Stock, Price, Bid, Offer, P/E, Div, Yield. Includes companies like British Telecom, British Telecom, British Telecom.

FOOD, GROCERIES, ETC Table with columns: 1989 High, Low, Stock, Price, Bid, Offer, P/E, Div, Yield. Includes companies like Asda, Asda, Asda.

INDUSTRIALS (Misc.) - Contd. Table with columns: 1989 High, Low, Stock, Price, Bid, Offer, P/E, Div, Yield. Includes companies like British Airways, British Airways, British Airways.

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BANKS, HP & LEASING Table with columns: 1989 High, Low, Stock, Price, Bid, Offer, P/E, Div, Yield. Includes companies like Abbey National, Abbey National, Abbey National.

CHEMICALS, PLASTICS Table with columns: 1989 High, Low, Stock, Price, Bid, Offer, P/E, Div, Yield. Includes companies like ICI, ICI, ICI.

DRAPERY AND STORES Table with columns: 1989 High, Low, Stock, Price, Bid, Offer, P/E, Div, Yield. Includes companies like Debenhams, Debenhams, Debenhams.

FOOD, GROCERIES, ETC Table with columns: 1989 High, Low, Stock, Price, Bid, Offer, P/E, Div, Yield. Includes companies like Asda, Asda, Asda.

INDUSTRIALS (Misc.) - Contd. Table with columns: 1989 High, Low, Stock, Price, Bid, Offer, P/E, Div, Yield. Includes companies like British Airways, British Airways, British Airways.

INDUSTRIALS (Misc.) - Contd. Table with columns: 1989 High, Low, Stock, Price, Bid, Offer, P/E, Div, Yield. Includes companies like British Airways, British Airways, British Airways.

BEERS, WINES & SPIRITS Table with columns: 1989 High, Low, Stock, Price, Bid, Offer, P/E, Div, Yield. Includes companies like Carlsberg, Carlsberg, Carlsberg.

DRAPERY AND STORES Table with columns: 1989 High, Low, Stock, Price, Bid, Offer, P/E, Div, Yield. Includes companies like Debenhams, Debenhams, Debenhams.

DRAPERY AND STORES Table with columns: 1989 High, Low, Stock, Price, Bid, Offer, P/E, Div, Yield. Includes companies like Debenhams, Debenhams, Debenhams.

HOTELS AND CATERERS Table with columns: 1989 High, Low, Stock, Price, Bid, Offer, P/E, Div, Yield. Includes companies like Whitbread, Whitbread, Whitbread.

INDUSTRIALS (Misc.) - Contd. Table with columns: 1989 High, Low, Stock, Price, Bid, Offer, P/E, Div, Yield. Includes companies like British Airways, British Airways, British Airways.

INDUSTRIALS (Misc.) - Contd. Table with columns: 1989 High, Low, Stock, Price, Bid, Offer, P/E, Div, Yield. Includes companies like British Airways, British Airways, British Airways.

BUILDING, TIMBER, ROADS Table with columns: 1989 High, Low, Stock, Price, Bid, Offer, P/E, Div, Yield. Includes companies like Balfour Beatty, Bovis Lend Lease, Bovis Lend Lease.

INDUSTRIALS (Misc.) - Contd. Table with columns: 1989 High, Low, Stock, Price, Bid, Offer, P/E, Div, Yield. Includes companies like British Airways, British Airways, British Airways.

INDUSTRIALS (Misc.) - Contd. Table with columns: 1989 High, Low, Stock, Price, Bid, Offer, P/E, Div, Yield. Includes companies like British Airways, British Airways, British Airways.

INDUSTRIALS (Misc.) - Contd. Table with columns: 1989 High, Low, Stock, Price, Bid, Offer, P/E, Div, Yield. Includes companies like British Airways, British Airways, British Airways.

INDUSTRIALS (Misc.) - Contd. Table with columns: 1989 High, Low, Stock, Price, Bid, Offer, P/E, Div, Yield. Includes companies like British Airways, British Airways, British Airways.

INSURANCES Table with columns: 1989 High, Low, Stock, Price, Bid, Offer, P/E, Div, Yield. Includes companies like Aviva, Aviva, Aviva.

Johnnie Lito



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TEXTILES - Contd

Table of share prices for Textiles sector including companies like Textiles, Clothing, etc.

TRUSTS, FINANCE, LAND - Contd

Table of share prices for Trusts, Finance, Land sector including companies like Trusts, Finance, etc.

OIL AND GAS - Contd

Table of share prices for Oil and Gas sector including companies like Oil, Gas, etc.

MINES - Contd

Table of share prices for Mines sector including companies like Mines, Metals, etc.

MOTORS, AIRCRAFT TRADES

Table of share prices for Motors, Aircraft Trades sector including companies like Motors, Aircraft, etc.

PROPERTY

Table of share prices for Property sector including companies like Property, Real Estate, etc.

TRANSPORT

Table of share prices for Transport sector including companies like Transport, Airlines, etc.

TRUSTS, FINANCE, LAND

Table of share prices for Trusts, Finance, Land sector including companies like Trusts, Finance, etc.

OVERSEAS TRADERS

Table of share prices for Overseas Traders sector including companies like Overseas, International, etc.

PLANTATIONS

Table of share prices for Plantations sector including companies like Plantations, Rubber, etc.

COMMERCIAL VEHICLES

Table of share prices for Commercial Vehicles sector including companies like Commercial, Vehicles, etc.

SHOES AND LEATHER

Table of share prices for Shoes and Leather sector including companies like Shoes, Leather, etc.

TOBACCO

Table of share prices for Tobacco sector including companies like Tobacco, Cigarettes, etc.

FINANCE, LAND, etc

Table of share prices for Finance, Land, etc sector including companies like Finance, Land, etc.

MINES

Table of share prices for Mines sector including companies like Mines, Metals, etc.

REGIONAL & IRISH STOCKS

Table of share prices for Regional & Irish Stocks sector including companies like Regional, Irish, etc.

NEWSPAPERS, PUBLISHERS

Table of share prices for Newspapers, Publishers sector including companies like Newspapers, Publishers, etc.

PAPER, PRINTING, ADVERTISING

Table of share prices for Paper, Printing, Advertising sector including companies like Paper, Printing, Advertising, etc.

TEXTILES

Table of share prices for Textiles sector including companies like Textiles, Clothing, etc.

OIL AND GAS

Table of share prices for Oil and Gas sector including companies like Oil, Gas, etc.

FINANCE

Table of share prices for Finance sector including companies like Finance, Banks, etc.

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# Weekend FT

SECTION II

Weekend August 12/August 13, 1989

**Y**OU ARE peering into a drum of horrible brown sludge, one drop of which would kill your whole family and the world's Rottweiler. It is called toxic waste and we are all responsible for its creation because we take the medicines, wear the dyed clothes and consume the various chemicals of which it is a by-product. But what should be done with the thousands of drums produced every day?

Nobody can agree on the best plan because somebody has to live with the stuff in their backyard. A hint of an answer might be somewhere in this story of four honest people - Hugh Donaldson, a chemical-maker, businessman Jeremy Sayers, unemployed marine engineer Harry Williamson and his wife, Dorothy - who have found their lives intertwined inextricably by toxic waste.

Hugh, a 47-year-old Scotsman, is a director of an ICI division that makes colourful dyes, pesticides, medicines and many things we find essential. He also produces a lot of waste products that are highly toxic and he is responsible for getting rid of them. That is how he knows Jeremy, a 50-year-old former chartered accountant who runs Ocean Environmental Management, a company that intends to make a good profit from Hugh's problem. Jeremy wants to build a £20m high-temperature toxic waste incinerator on Seal Sands in the Tees estuary, within sniffing distance of Harry and Dorothy's corner house (garden on three sides) in Hartlepool, Cleveland. Their story is similar to tales unfolding around the globe as people grapple with the task of destroying the complex poisons that result from a better life.

Toxic waste is a major international problem. One of the most effective treatments is to burn it at around 1,300 degrees C, at which point the chemical compounds break down into their constituent (in theory) non-toxic parts. Special incinerators, which look like high-tech chemical factories with exposed pipes and chimneys, are built at great expense to do the job. The incinerators have to be run super-efficiently; otherwise, the toxics survive the ovens, escape into the atmosphere and end up in the lungs of people like Dorothy, Harry, and their 11-year-old daughter, Kate.

Industry says it needs the incinerators because controlled burning is the safest way to deal with such waste. But environmentalists argue that industry should make greater efforts to cut waste by spending more money on research into better ways to recycle, reclaim and eradicate unwanted by-products. Meanwhile, people like Dorothy and Harry are terrified about the possible health effects. They hear ghastly stories about health problems from people who live near incinerators, such as those in the Port and Foxley areas in the UK and Wiesbaden in West Germany. They are worried that even if the incinerator works to the specifications promised, there could be a tragic accident and they will be smothered by a toxic cloud.

The horror stories are, of course, hearsay. There is no irrefutable scientific evidence that incinerators are bad for people living nearby. Local doctors might report increased bronchial problems and farmers might complain about deformed calves. But no white-coated scientist has been able to prove cause and effect. In fact, the House of Commons Environment Committee, which earlier this year lambasted the UK government and industry on its handling of waste, thinks incinerators that use the latest technology are a good thing.

But doubts still persist in the minds of those most likely to be affected by what



## Waste: the burning question

Is incineration really the best way to destroy industrial poisons? Peter Knight investigates

comes out of incinerator chimneys. The people of Cleveland, backed by local doctors and scientists from its large chemical industry, convinced their councillors that Jeremy's incinerator was a bad thing. His planning application was rejected last month, mainly on health grounds. But he is appealing to the Environment Secretary and everyone, including Harry and Dorothy, expect him to get his way.

For outsiders like Jeremy, it is quite difficult to see why Harry and Dorothy are so bothered. After all, the couple have lived all their lives in an area that has an enormous steel works, probably the highest concentration of chemical factories in Europe, and a nuclear power station. All sorts of chemicals are made on their doorstep and the river Tees is effectively dead from pollution. The people of Middlesbrough, Billingham, Redcar, Hartlepool and nearby towns in the county of Cleveland have the worst early-death rate in the UK and one of the worst health records. Could this, they often ask, have something to do with unseen substances emitted from the hundreds of huffing and puffing factories?

So, what difference will one more chimney, built by Jeremy, make? "It's always just one more, one more, one more, and that is why we're in the mess we are today," says Harry. "Once you've got an incinerator, there seems to be no control over it." Harry worked most of his life fitting engines into ships. His company closed in 1981 and he has been unemployed since then. Dorothy works a few days a week part-time and they somehow manage to live a decent life with Kate, the

last of their three children still at home, on about £50 a week unemployment benefit. "We feel a bit of an effort has been made to clean up Cleveland," Harry says. "I can look across the chemical works and actually see the Cleveland hills through the towers. I couldn't do that a few years ago. This incinerator would be a retrogressive step."

Dorothy, meanwhile, is worried about health and filth. "We live on a main road so we have all these lead emissions. I also have acid rain on my windows and filthy window sills from the pollution. To keep my windows and paintwork to a decent standard, I have to clean them three or four times a week. Cleveland never seems to attract any decent firms; they are all filthy and hazardous."

Their growing concern for their environment, and the immediate threat of a toxic waste incinerator nearby, led Dorothy, Harry and Dorothy to do the unprecedented: join a protest group called Stinc which includes, among others, the Green Party, Greenpeace and Friends of the Earth. Since Jeremy applied for planning permission in October last year, Dorothy and Harry have been helping their fellow Stinc members organise protests, petitions and information to fight him. They have learnt about the problems of fine emissions, unburnt particles, heavy metals, dioxins, PCBs and mysterious activities in the secondary burning chamber that, allegedly, can produce more dioxins. Their

experience with the efficiency of local industry has left them sceptical of Jeremy's promises.

Harry says: "There's a firm on Seal Sands which has the best gas-scubbing equipment and technology money can buy but they still emit titanium pigment, which you can see because it's white. I can't see how Ocean, with the best will in the world, can stop stack emissions." Dorothy adds: "There's always someone at the top of a dirty firm who lives somewhere else. And their attitude is just dump the muck on the silly northerners who are only too willing to accept the work."

Jeremy Sayers lives with his wife and 15-year-old daughter in middle-class Fulham west London. He understands that Cleveland locals feel strongly but says they should forget hearsay and listen to the facts. "It's a relatively easy job to knock something, especially if you relate it to circumstantial evidence and suggestions of connections with health problems in other parts of the world," he says. "The fear is based on suggestions that incinerators of a lower technology are not safe. But we are talking about an incinerator which is the highest and very best technology."

Tall and well-spoken, Jeremy looks like someone who could be issuing junk bonds in the City, not working in the unglamorous world of waste. He is aware of his responsibility to society to run a good, efficient operation but also sees a yawning gap in the fast-growing market for waste management. And he admits he is in the business primarily to make money. He

spent most of his 20 years with Ocean managing its freight-forwarding business, but now he's going to make a lot of brass from some really horrible muck.

"It certainly should be very profitable because of the extremely high capital costs involved and the cost of building the security features," he says. "It should have a higher return than a simple, non-controversial project. The market is unlikely to be over-supplied [with incinerators] because there are not many people around who are going to have the drive, foresight and finance to put up a plan of this sort and be able to deal with problem waste for the next 15-20 years." Jeremy will charge from about £150 to £300 a ton to incinerate waste, depending on type and toxicity. Once the incinerator is working to full capacity, he plans to pump through 30,000 tons of the stuff each year.

"Our argument - that our plant would not add significantly, in any way at all, to reducing the quality of the air or water - has really gone unheeded, despite being backed up by many experts," he claims. "I feel very strongly about the need to have a better environment. I am an environmentalist. I really am. I have a deep belief in it. One only has to look around the streets of London and see the filthy way in which we live today - and I include the disposal of industrial waste by means not necessary guaranteed for long-term safety. Our investment in high-tech means to solve the toxic waste problem is fundamentally important. I'm committed to the cause." Is he committed enough to live next to an incinerator? "I find it impossible to

answer that question because it's so hypothetical. I can say this. Everybody has to share in some environmental impairment. After all, Fulham is under the flight-path of Heathrow and at six every morning I get woken by jumbo jets full of tourists. But, on the other hand, the tourists are good for the economy. That's my contribution, if you like.

"If you don't destroy toxic waste, what are you going to do with it? It's not going to go away. Industry is going to go on creating waste. Even though we support reduction and recycling, waste will still be produced and the alternative to destroying it once and for all is to put it in the ground. And I would be concerned that my daughter and her children would one day suffer the appalling consequences of something happening on a broad scale where toxic chemicals got into water and polluted the environment."

Hugh Donaldson agrees. He is married with three children and is responsible directly for a lot of ICI's waste chemicals. "I don't think dumping waste on land, unless it's bio-degradable, is a realistic option because it's just building up problems for your kids. High-temperature incineration is one of the systems that we are going to have to use into the foreseeable future. We can't see a way of beating it."

Hugh used to be a marine engineer on Clydeside before he joined ICI 25 years ago. He took a masters degree in chemical engineering, started in explosives and is now the operational director of ICI PCMO, which employs about 4,500 people in its plants making mainly agro-chemicals, dyestuffs and pharmaceuticals in the UK, France and Spain. He can't say exactly how much waste he makes but there is more than enough to give Jeremy the sort of profits for which he is looking.

Hugh feels "pretty comfortable" with good-quality incineration and supports Jeremy's plans because they will save ICI the cost and danger of transporting the waste from its factories near Cleveland to incinerators further away. "Every chemical plant, every tanker, that goes around the countryside is a balance of risks. I would not sign a contract with any of the incinerator people unless we can get auditing facilities which say the unit is being run and managed well and the people are competent. If I can assure myself of that, then I'll sleep easy."

In response to growing public pressure, the chemical industry is trying to cut the amount of waste it produces. But it is a highly competitive business, with demanding shareholders, and the cuts are being made within economic and technical limits. Hugh says: "If somebody said that I'd got a billion pounds to spend on waste reduction, so getting going, I don't think I could spend it all tomorrow because there is a technical time lag and a delay to investigate the best way of doing things. Doing it correctly is going to require both time and money."

"Would I like an incinerator in my backyard? No more than anyone else. But I think I have to say that I will. I live near our Huddersfield works and there is a risk of things going wrong in every chemical plant. I don't think I'll say to my children: 'Let us up stakes and leave and live in some far-off green place.' We still need our drugs, we still need our pesticides, we still need our crops. You have to look at the overall balance."

As rational people, Harry and Dorothy would be the first to agree about balance. But they feel that perhaps the political and financial clout of Jeremy and Hugh make them just a little too heavy for the scales.

### The Long View

## Industry's tales of the unexpected

COMPANIES are a bit like people, they tend to borrow heavily either when they are rich and brimful of confidence, or when they are under pressure and desperate to make ends meet. Trouble starts when they discover they have moved in an unplanned way from one circumstance to the other. At the moment, quite a lot of property companies are not sure which category they are in, although one or two London Docklands residential developers are finding out.

It is when the banks are becoming difficult - or, at any rate, expensive - that it is most useful for companies to be able to turn to their shareholders for new capital. Oddly, British companies have almost stopped doing that, even though the investment institutions are overflowing with cash. And as the Bank of England pointed out this week, the UK's corporate sector as a whole is heading for a second successive year of financial deficit. That is a most unusual situation. Previous deficit years in 1974 and 1979 were followed by violent correction measures and economic recession as industry struggled to restore its financial stability. But the latest official statistics show that after a financial deficit of £2.7bn in 1988, industrial and commercial companies incurred a further seasonally-adjusted deficit of £2.6bn in just the first quarter of 1989.

Companies have been taking over from private house-buyers

and consumers in leading the borrowing binge. In the third quarter of last year, at the peak of the spending spree, personal sector borrowing of £17.6bn compared with £13.4bn by companies. In January-March 1989, by contrast, corporate borrowing had been stepped up to £16.6bn while personal borrowing had cooled down to £11bn.

This is not very comfortable for the Bank of England, which is fretting about the excessive growth of the broader monetary aggregates. But the companies themselves do not appear to be worried, in so far as the money is being borrowed to meet planned spending requirements. Aggregate dividends jumped by 48 per cent last year, and by an amazing 61 per cent year-on-year in the first quarter of 1989. Fixed investment has been rising by some 14 per cent.

These items are under the discretionary control of management. So is corporate deal-making, which has been the other major reason for the increase in borrowing. The company sector as a whole spent £7.4bn more last year on buying UK equities than it raised by selling new shares to investors.

Where things can get out of hand is through the growth of unexpected burdens. If sales slump suddenly, stocks and work in progress will begin to pile up. A sharp rise in interest rates can also hurt individual companies. (Although large companies as a whole gain



Barry Riley

After a long period of rebuilding its prosperity, corporate Britain might now again have become softer and more accident-prone

more or less as much as they lose from rises in short-term interest rates. Abrupt jumps in commodity prices or pay rates can also throw cash-flow calculations into confusion. Apart from one or two hard-

hit sectors, like residential property, we don't yet face crises of these kinds. The equity still drags on about hard landings and soft landings but, so far, the UK economy has yet to complete its approach to the runway. Meanwhile, in various quite important ways, the company sector has changed its behaviour pattern. Recently, it has improved radically in confidence since it was demoralised by the last major recession in 1981. To begin with, profitability has increased greatly. According to the Bank of England, the real pre-tax rate of return on capital employed has reached 11 per cent, the highest since the 1960s. For comparison, the return was only 3 per cent at the trough in 1981.

Second, finance directors appear to have decided that the low level of financial gearing they pursued during the early 1980s is no longer appropriate. According to UBS Phillips & Drew, net gearing for listed companies was 26 per cent at the end of the 1970s but had fallen to 17 per cent by 1987, since when it has begun to rise again.

Many companies were happy to continue to invest equity in the inflated prices which ruled ahead of the 1987 crash, but their attitude changed abruptly at the lower market levels ruling in 1988 when British companies were furious at the pessimism of the UK stock market. You could argue also that the very generosity of

companies in stepping-up dividends (an overall rise, per share, of more than 50 per cent in the past three-year period) has increased the cash-flow cost of servicing new equity. There would not be a lot of sense in making rights issues in order to finance dividends (which is not to say it hasn't happened).

Finally, the increasing activity of international debt-backed corporate predators, with scope to attack the biggest of targets, has made companies wary of troubling their shareholders.

How would a squeeze change behaviour? There is no reason to be concerned generally about corporate health in the UK. Yet, the climate has been relatively easy for six or seven years now. That is time enough for bad habits to develop. Profitability is historically high, and is vulnerable. Some companies have also raised sharply the financial risks which they are bearing - notably, through leveraged buy-outs. But the stock market has almost stopped worrying.

It all depends on whether Chancellor Nigel Lawson really will steel himself to put pressure on the corporate sector as it prepares to indulge in a highly inflationary pay round. So far, companies have brushed aside the rises in short-term interest rates and have carried on much as before. Lawson might prefer to see a few prominent corporate casualties, rather than suffer the collapse of his anti-inflationary strategy.

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MARKETS

LONDON

# Rain dampens rally as LBOs catch a chill

LONDON HAD its first downpour for several weeks on Thursday and after the long, hot summer of stock market optimism, there are signs that investor enthusiasm is about to be dampened.

Takeover speculation has fuelled recent bullish sentiment and most of the rumours have concerned blue chip stocks. Accordingly the FT-30 Ordinary Share Index has led the other indices, reaching an all-time high of 1967 on Monday, and moving on to set a further peak of 1,972 on Wednesday night.

Yesterday, the takeover surge was given a new lease of life by the announcement that Kohlberg Kravis Roberts, the US buyout specialists, had made a filing with the US authorities in order that it could be allowed to buy 45 per cent of BTR, one of the UK's largest conglomerates, through the news caused BTR shares to rise by over 8 per cent yesterday, although there were indications that the stake would be friendly.

Elsewhere, however, there were signs that some of the speculative froth might be about to disappear from the market. The longer the Hoylake bid for BAT Industries continues, the more the regulatory obstacles appear to mount.

Already Hoylake faces a fierce battle from the state insurance commissioners over the fate of Farmers, the US insurance company which BAT acquired, after a long struggle, last year. This week more than 300 US Congressmen denounced the bid in a two-page letter to the Secretary of State, James Baker. Some of the congressmen have asked the Securities and Exchange Commission to assert its jurisdiction over the bid.

The Hoylake camp has yet to produce a cash alternative to its mixture of debt and equity.

Since any cash offer would involve underwriting costs, there would be little incentive for Sir James Goldsmith to produce cash if he felt that regulatory obstacles might block the offer.

However, it seems likely that the Hoylake camp must have anticipated most of these regulatory difficulties — and Sir James may yet spring free of the complications. The Hoylake camp is not short of high-powered financial and legal advice.

The leveraged buy-out bandwagon may yet roll through BAT but it has come to a nasty halt at Ward White. Last week when Boots increased its offer to 445p per share, Ward White announced that it was examining "alternative proposals".

It quickly became apparent that these proposals revolved around a leveraged buyout of some kind. The Chancellor Bank one of the financial institutions involved and Shearson

Lehman believed to be another.

Yesterday, however, Ward White was forced to announce that "detailed and extensive discussions with a number of parties have established that in the current state of the debt markets it is not possible to create leveraged proposals."

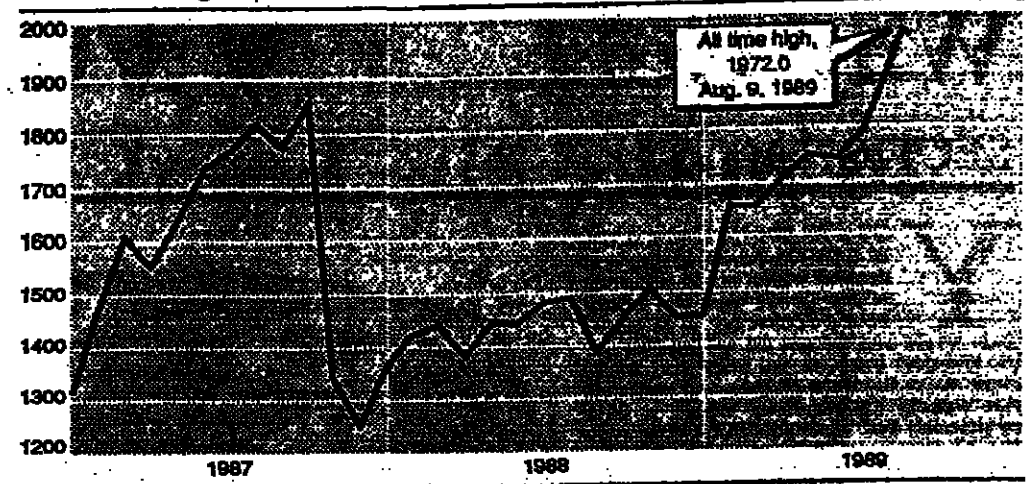
There will be no alternative offer to the Boots bid and Ward White's share price fell far enough yesterday for Boots to substantially increase its stake.

This may prove to be a turning point. In the last few months, it has seemed that almost any company could become an LBO target, with banks eager and willing to provide the necessary finance.

To outsiders, the puzzle has been that this enthusiasm for debt financing has appeared at a time when not only are interest rates very high but also when most forecasters are expecting a slowdown in both economic and corporate earnings growth.

Obviously, in Ward White's case, the sums do not add up. And problems are appearing at some of the other recent buyouts. MFI is talking to its bankers about raising further money after a sharp drop in its furniture sales. Corollor abandoned the management buyout of its subsidiary, and yesterday Bankers Trust dropped the syndication of the

FT Ordinary Share Index



FINANCE & THE FAMILY: THIS WEEK

**BAT: the full assault is still to come**

Nikki Tait assesses the state of play in the BAT bid while David Waller looks at the motives behind Hoylake's offer. Page III

**Is there life after retirement?**

Many employees may look forward to retirement, but the act itself can be a surprisingly traumatic experience. With early retirement becoming increasingly popular, Sara Webb looks at how companies could — and should — help prepare staff for their final "holiday." Plus Eric Short on how pensioners are losing out as inflation eats into their company schemes. Page V

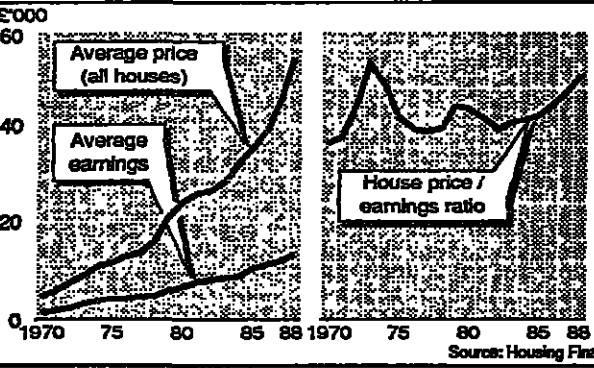


**Minding your own business**

Kieran Cooke tracks down three entrepreneurs in Ireland who have managed to combine three successful small businesses with an enviable lifestyle. Page VI

**BRIEFCASE: Taxing time for a wife: Page V**

**House prices and earnings**



**House market 'slow until 1990'**

Home-owners cannot expect to see any sign of a significant pick-up in housing market activity and prices before the end of 1989 at the earliest, according to the latest report from Housing Finance, the Building Societies Association magazine.

Meanwhile, the Woolwich Building Society reports that house vendors in the south east of England are being forced to reduce their asking price by 15 to 20 per cent in order to attract buyers in a slow market.

However, house prices in the north of England are still rising, although more slowly than at the start of the year, according to the latest survey from Northern Rock Building Society. House prices in the north rose by 11 per cent on average in the first quarter of the year and by 9 per cent in the second quarter, the report says. While the boom in executive properties has slowed down, properties at the lower end of the scale suitable for first-time buyers have shown the largest increases. Sara Webb

**Replacement Abbey shares sent**

Lloyds Bank Registrar is sending out 365,000 replacement share certificates this weekend to the Abbey National members who never received their original shares when the building society was floated more than a month ago. Lloyds has already posted 11,000 out of the estimated 31,000 refund cheques due to members.

More than 300,000 certificates and refund cheques which should have been posted to members went missing, and Lloyds came in for some strong criticism for choosing an unrecognised mailing house called Business Mailing Services to handle the distribution of share certificates last month.

Following a tip-off claiming that Abbey National shares were burned at Business Mailing Services' premises, police were called in to investigate fires in two skips there on July 28, and they questioned the owner. The mailing company had been assigned about 20 per cent of the certificates to distribute. SW

**Retail sales fall in June**

Retail sales showed a sharp drop in June while consumer credit rose by the smallest amount since November 1988, according to figures from the Central Statistical Office released this week. The figures appear to indicate that the Government's policy of keeping interest rates high in order to combat inflation is helping to dampen consumer spending. SW

**Midland plans share shops**

Midland Bank is planning to open 12 share shops in its branches by the end of the year. These will offer a share-dealing service for Midland customers as well as for the public, and provide up-to-the-minute share price information. Midland opened its first share shop in Birmingham last May, and the next two will be opened in Lincoln and Welwyn Garden City on August 14. SW

**Credit with a conscience**

Affinity cards are the latest thing in plastic for spenders with a conscience: several banks and building societies now offer credit cards which make a donation to the charity or civic organisation of the holder's choice each time he or she uses the card.

Girobank's Visa affinity card was launched a year ago and has already raised £100,000 for Oxfam. As with other affinity cards, Girobank pays 5p to Oxfam the first time the card is used, and 25p for every £100 spent thereafter. SW

HIGHLIGHTS OF THE WEEK

	Price y/day	Change on week	1989 High	1988 Low	
FT-SE 100 Index	2354.2	+28.7	2380.4	1782.8	Speculative activity.
ASDA Grp.	212	+21	212	130	Options buying & bid speculation.
BTR	454	+36	468	294	KKR files to buy up to 15% of BTR.
Brit. & Comm.	186	+10	242	152	Woodchester disposal rumours.
Desoutter Bros.	680	+156	685	280	Agreed bid.
GKN	463	+28	463	291½	Figures beat expectations.
Grand Met	631	+21	634	425	Acquisition of US fast-food chains.
GUS A	1078	-62	1195	952	Depressed stores sector.
Kingfisher	353	-15	373	234	Brokers cautious on profits outlook.
Leisure Inv.	64	-19	111	61	Profits warning.
Parkfield Grp.	463	+60	473½	262	Brokers' upgrading.
Parkway	153	-82	267	160	Profits warning.
Rosehaugh	691	+27	709	483	Revival of Canadian bid speculation.
Smurfit (Jefferson)	594	+144	595	329	Proposed US cash raising operation.
Textured Jersey	165	+31	171	118	Bid approach from unnamed interests.

WALL STREET

# How the Dow makes news

adjusted properly to take account of splits. Instead, an ad hoc multiplier is applied to the whole 30-stock average to ensure continuity before and after stock splits occur. At present, the multiplier is 1.517. This means, for instance, that a \$1 increase in Woolworth's stock price raises the DJIA by 1.52. (In keeping with its other eccentric traditions, the Dow Jones company expresses this multiplier as a "divisor" and states its present value as 0.659 — that is, one divided by 1.517.)

Even more than the selection of its 30 stocks, this statistical quirk stunts the Dow's

"The index is a barbarous relic of statistical pre-history . . ."

movements against the faster-growing companies within it. Successful companies in the US tend to split their shares often as their stock price rises. (There was an old joke on Wall Street about the great glamour stock of the 1970s. What does Schlumberger do? It goes to a hundred and splits. Then it goes to a hundred and splits. Then it goes to a hundred.)

Companies like Boeing, Coca-Cola, Merck, McDonalds and GE have had their weighting in the Dow cut back regularly and systematically because of frequent stock

The last of these companies is obviously the most important and, in a curious way, demonstrates why the Dow, for all its faults, continues to be the stock market indicator in which Wall Street really believes. Its very idiosyncrasies sometimes reveal things that are worth knowing about the market, even if their importance cannot be pinned down in any rigorous way.

Take the role of IBM in the Dow's underperformance. Of the 30 stocks in the index, IBM has been by far the most important laggard, still stand-

ing 30 per cent below its 1987 high.

If IBM, which traded at \$116 yesterday morning, were back at its peak value of \$176, the Dow would now be well above 2,900 and the pre-crash record would have been consigned to the history books. "On to 3,000" would be ringing out from the trading floor, as it was in August two years ago. And some of the smart money might be edging towards the Exit signs.

In a perverse way, therefore, IBM's underperformance has been an unexpected blessing. It has enabled the market as a whole to climb well above its 1987 resistance levels without over-exciting the public, which looks at IBM and the Dow as key benchmarks. Indeed, some contrarians now are arguing that a sudden surge in the IBM price would be a clear signal that the market finally had become overbought.

This is a tempting argument but it begs a crucial question. Can the American economy compete internationally and prosper if IBM — and, with it, much of the technology sector — remains in secular decline? The answer seems self-evident.

If a revival of interest in IBM and other industrial stocks were now to push the Dow above 2,900, the bull market could probably continue for many months more. But a new surge in stock prices, powered only by takeover speculation and ever more exorbitant valuations of the already over-extended "consumer growth" and service issues, could set the market for a precipitous decline.

Anatole Kaletsky

JUNIOR MARKETS

# Worry follows EC proposals

However, those associated with the USM take a very different view about the prospect of change. Even though the USM had a patchy start and has problems with liquidity in some areas, it is viewed widely as an overwhelming success in fueling the growth of smaller companies. There are fears that all this could be jeopardised if the USM is subsumed into the main market.

All the attention lavished on USM companies by specialist analysts and specialist media have attracted others to the fold. "We do need some visibility accounts, which could make life easier for small unquoted companies (with fewer than 251 employees) but put the 250 USM companies of similar size at a disadvantage."

Even more significant, though, is the Mutual Recognition of Listings directive which would allow a company listed on one European stock exchange to be admitted to any other. As a result, the London Stock Exchange might have to reduce its trading record requirement from five years to three to bring it into line with other countries.

This would remove an important difference between it and the USM, which already stipulates a three-year trading record.

Although no official pronouncement on the consequence of this change is likely before October, the stock exchange is negotiating with a number of options. It could keep the three markets as they stand and merely amend the listing requirements; it could create one market with different rules for different sizes of companies; or it could merge the USM and the Third Market. The third option seems the most likely. It would probably mean promoting most of the larger, higher-quality USM companies to the main market and creating a new market for very young companies, which would accommodate most Third Market stocks.

For those involved in the Third Market, this prospect is welcomed generally. Many see the design of the Third Market as flawed, since sponsors, rather than the stock exchange, have to regulate new issues. Perhaps as a result, the number of companies joining the market (12 this year, bringing the total to 60) is seen as disappointing.

Furthermore, some members have complained about the lack of kudos associated with the Third Market. "The companies I have talked to seem quite keen on a change, which could bring an improvement to the prestige and liquidity of the shares," says Jean-Marc Olivier, of Feat Marwick McIntock.

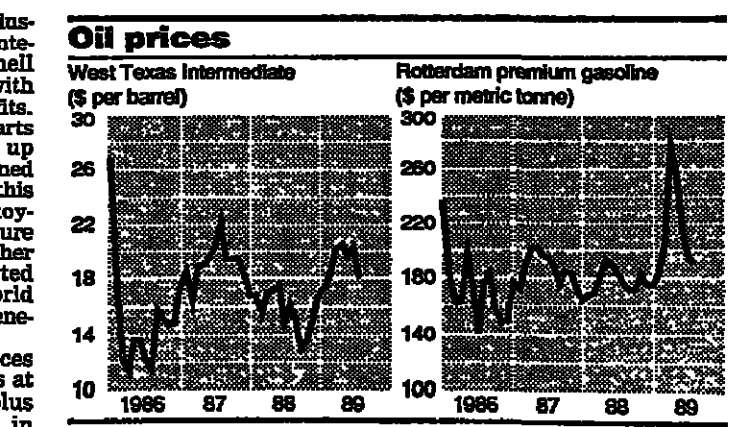
Vanessa Houlder

# Oil majors profit from a lucky business break

IT IS easy to be stumped into incomprehension by the huge profit numbers which oil companies have been churning out for their shareholders recently. What is one to make, for example, of Royal Dutch/Shell's claim this week that its \$11m per day after tax profit during April, May and June represented a 58 per cent increase on its performance in the same period a year ago? Or British Petroleum's 34 per cent rise in the period, or the much smaller Ultramar's 175 per cent improvement in pre-tax profit in the first half?

As always the figures include special factors and are distorted (upwards this time) by stockholding profits. Even so, the figures do reflect a lucky break for the industry in which all three parts of the business — exploration and production, refining and marketing, and chemicals — have improved at the same time.

Often in the past higher crude oil prices have squeezed profits on refining operations, because product prices have not moved up in step. The reverse has also been the case, as in 1986, when the collapse of oil prices devastated the



a general expectation that crude prices will remain moderately firm. A consensus of analysts puts the average price for West Texas Intermediate, the US marker crude, at \$18.85 next year (North Sea Brent has been somewhat lower), probably above the forecasts of the oil companies, which are in the range \$16 to \$18.

Anyone who feels that prices will rise higher — and there is heavyweight academic support for this from a recent study by Professor William Hogan at Harvard University — might do worse than take a punt on BP. Its yield of about 6% per cent is a percentage point higher than Shell's, and the major re-organisation of its assets in the last two years has concentrated its forces on the oil sector, particularly on the two biggest oil producing areas outside the Organisation of Petroleum Exporting Countries — Alaska and the North Sea.

On the other hand, as David Gray, oil analyst for the broker James Capel says, this very concentration creates a risk which is reflected in the higher

yield compared with Shell's. What would happen to BP if something dreadful occurred in Alaska or in the North Sea?

Shell in contrast was able to say blandly that a reduction of 90,000 barrels in its North Sea production in the second quarter "was more than outweighed by increased production from Nigeria, Colombia, Syria, Gabon and Denmark." Similarly it was able to offset lower product sales in the US by increases in the Far East. Typical Shell. It is so vast and so well managed that it seems to drive through local storms and adversities like one of its own great tankers, setting a pace for dividend increases which will be hard to follow.

BP is also well managed, large and diversified, but still has some cause for concern after its traumatic tussle with the Kuwaitis and the enormous job of absorbing Standard Oil of America and Britoil in the UK. Perhaps, for that reason, the stock has more potential.

For those preferring to put their money in a company of less imposing draught, Ultramar's results provided confirmation that its re-structuring and management shake-up has

transformed the company from something of a lame duck.

It now has an interesting balance of assets between oil and gas production in Indonesia and refining and marketing in Canada and the US West Coast. Downstream profits are now about four times those from upstream, but new developments will allow it to take a useful advantage of any rise in oil and gas prices.

Its shares were marked down because analysts had been expecting an even better profit, but the current price reflects a generally optimistic view of the company. Perhaps Ultramar will be constrained by its high debt ratio from making another leap comparable to the recent purchase of the Wilmington refinery on the West Coast, but the company itself does not think so, and it probably has scope for other imaginative moves. It is a company in which investment may still be highly geared to the success of the new management team — but a mistake which would severely dent Shell might be enough to sink a company the size of Ultramar.

Max Wilkinson



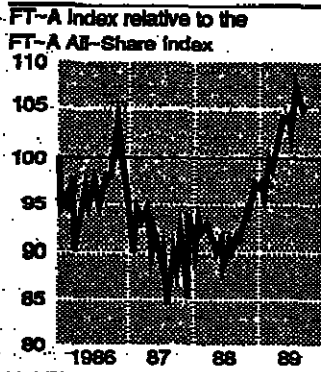
FINANCE & THE FAMILY

David Waller looks at the motives behind the giant Hoylake bid for BAT Industries while Nikki Tait assesses the state of play

Why Goldsmith wants to make the break

SIR JAMES Goldsmith's giant bid for BAT Industries is as much an assault on an idea as on a company. The idea is "conglomeratism": the Anglo-French financier believes that conglomerates - vast aggregations of businesses which have little in common with one another - are unwieldy and inefficient.

Conglomerates



If you look at the post-crash environment, though, the picture is totally different. The medium-size conglomerates have sunk dramatically against the market while BTR and Hanson have done very well indeed.

The conglomerates sector, which is dominated by Hanson, has outperformed the market as a whole by more than 20 per cent. Hanson, which has a corporate philosophy completely opposite to "focus", has outperformed the market by 28 per cent over the past year alone.

It was a virtuous circle. The acquisitive companies commanded high price/earnings ratios in expectation of high profits' growth. The lofty ratings duly were exploited to make big acquisitions for shares which fed through into vaulting increases in earnings.

So, the high P/E's justified themselves and it became possible to make more such acquisitions.

The tide of investors' sentiment turned at least a year before the October 1987 crash. The two giants - BTR and Hanson - found themselves distinctly unfashionable and their ratings slipped dramatically against the market.

The main reason was the adverse publicity surrounding the two prototype mega-bids of 1988: BTR's attempt on Pilkington (which failed) and Hanson's bid for the Imperial Group (which succeeded). The City grew sceptical of the quality of earnings coming from the two giant predators and worried that they were simply too large to maintain the profits momentum.

Meanwhile, the "mini-cons" came into their own. Clearly, Williams, Tomkins and the like were not too big to expand. They retained their heady ratings, carried on pushing out the paper to make acquisitions, and their shares outperformed comfortably.

Management and financial strength. Lord Hanson and Sir Owen Green (chairman of BTR) have been through recessions before. Their balance sheets are fortifiably strong - not unattractive in an era of absurdly high interest rates. Hanson, for example, had £2bn net cash before the acquisition of Consolidated Gold Fields.

With such a robust balance sheet, Hanson was placed well to buy Gold Fields at what some analysts see as a significant discount to its break-up value. It paid £14.30 cash per share plus a 40p special dividend and 60p in warrants - which compares with an unbundled value of possibly £17 a share.

Yesterday's announcement that Kohlberg, Kravis, Roberts, the US arbitrage house, had filed to buy 15 per cent of BTR was something of a mystery to the UK market. Brokers thought it unlikely that it was in the offering given BTR's track record and management skills. Nevertheless, shares in BTR - and a variety of other conglomerates as various as Parkfield, Trafalgar House and Williams Holdings - jumped upwards as the market reflected on the values inherent in the sector.

What should the small investor do about conglomerates? Fiona Humphrey, of James Capel, recognises that the majors (BTR and Hanson) will make safe and attractive investments. However she thinks that the medium-size companies - including Trafalgar House - are a case for re-rating, on two counts.

She believes that certain medium-size companies - Tomkins and Morgan Crucible, in particular - deserve investors' attention on the basis of fundamentals alone. Tomkins, she argues, has been neglected because of the size problem: investors have been worried that the post-crash environment has left the company unable to make big acquisitions. She feels this is irrelevant, pointing to last month's results when pre-tax profits for 1988-89 surged by 38 per cent to £65.1m.

Morgan Crucible, she says, has suffered from a lack of market understanding. It is a world player in five niche industries from crucibles to refractories and technical ceramics, not one of which is accessible readily to the mind of the average investor. There are many medium-size conglomerates with such a store of hidden value.

The other reason for investing is, of course, the unbundling factor. Some of the medium-size companies - including those with shares that perked up yesterday - must be ripe for dismemberment.

Investors' money more than a year ago (with interest, but less tax, that now amounts to £24.5m), but legal bundles prevented much of it being paid out earlier. This weekend, £18m is on its way to 7,320 people on top of the £16.6m they received at the start of this year.

Of the remaining money, £16.6m has had to be handed over to investors in Barlow Clowes International, the offshore part of the group, who were judged by the court to have a claim over it. That leaves just £3m, which is being held back in reserve in case the liquidators decide to start suing Barlow Clowes' advisers and bankers over the collapse. Some of this will also go to meet the liquidators' own fees.

The overall result is that 7,320 people have got back an average of around 70p of every £1 they invested. Depending on when they invested, and the accounts in which their money was held, each investor will actually receive somewhere between 60p and 100p in the £1. That was the relatively straightforward part of the claim to resolve the unfortunate 10,000 or more whose investments were held by the Gibraltar-based BCI will have to wait some time yet before the Barlow Clowes saga comes to an end.

While the tax bill will come as an unpleasant surprise, the fact that investors in the UK arm of Barlow Clowes are about to get their final pay-out will be a relief. The liquidators recovered more than £50m of

investors that they were liable to tax under this scheme. It now says that anyone who had more than £5,000 invested in Barlow Clowes after February 1986 should declare this, to enable a tax assessment to be drawn up.

The tax applies to gains that were "rolled up" as well as those that were actually paid out to investors. Those who have lost capital in the Barlow Clowes collapse will not be able to set it against their taxable gains. Letters explaining the position are being sent to all 16,000 people, along with a form for them to return. The Revenue will then draw up assessments where extra tax is due.

The Revenue claims Barlow Clowes did not make it clear to

Richard Waters on Revenue's new Barlow Clowes probe Investors face back tax blow

Barlow Clowes told its investors that they should inform the Revenue of these gains. But some did not do so and will now have to pay the tax. This will affect only people who had more than £5,000 invested in Barlow Clowes, provided they had no other capital gains from other sources: the gains from investments of less than £5,000 were not large enough by themselves to exceed the personal capital gains tax exemption.

The second reason why tax could be due stems from the treatment of bond-washing after February 1986. From that date, the Revenue began to calculate the proportion of the dividend that accrued day-by-day during the ownership of the gilt and taxed this as income (something known as the "accrued income scheme").

The Revenue claims Barlow Clowes did not make it clear to

deal for any breach of the complex rulebooks. In future, they will be stripped of this right (this will happen when the next Companies Act comes into force, probably in October) and will be able to take action only for a breach of the "core" rules.

In return for giving up these rights, consumers will have two extra forms of protection. First, the codes of conduct could be used as evidence in a court action to prove whether an investment adviser had stuck to the core rules. The courts are likely to set considerable weight by adherence to the codes - just as they treat the Highway Code in relation to motoring offences.

Second, regulatory bodies will be able to take action themselves over breaches of the codes, or the 10 principles. Their powers include levying fines or suspending firms from doing business. Investors will,

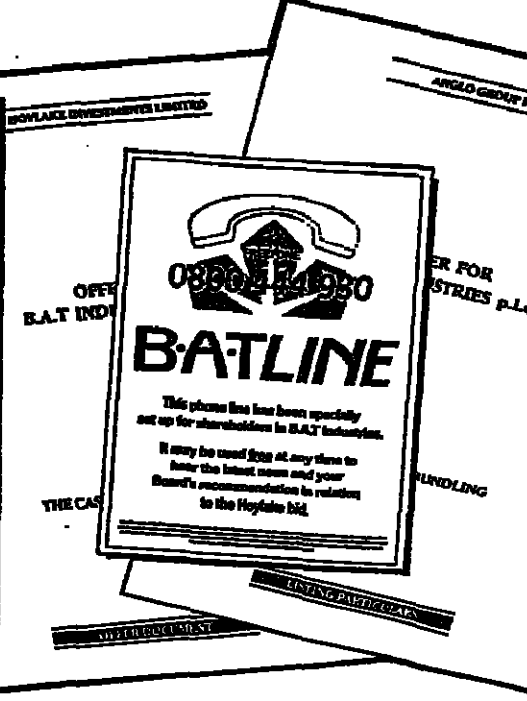
in effect, have to put much greater trust in these so-called self-regulatory organisations (SROs). The SIB's gamble relies on both investment firms and regulators applying the spirit of the rules strictly.

However, all of this is still some way off. The SIB is inviting comments on its proposals by the end of September, and will draw up further suggestions after then. Also, the largest of the regulatory bodies, the Financial Intermediaries Managers and Brokers Regulatory Association (Fimbra), has no intention of scrapping its detailed rulebook but plans to hang on to it (something it would be allowed to do under the SIB's proposals). However, most private investors will not be affected until the SIB actually changes its mind and brings in its new regime.

R. W.



BRIAN GARRAWAY



SIR JAMES GOLDSMITH

The full assault is yet to come

AROUND 116,000 individual shareholders in BAT Industries risked being woken up by an almighty thud on the doormat this week as the offer document from Hoylake, the bid vehicle for the consortium headed by Sir James Goldsmith, arrived through their letter-boxes.

Together with the listing particulars, it weighs almost 1.5 lb and covers 160 pages. The mailing costs for this documentation alone must have run into tens of thousands of pounds.

Just in case anyone failed to get the messages that battle has been joined in earnest, BAT responded with a Freefone "BATline".

Shareholders can listen on this to the tobacco-based conglomerate's finance director, Brian Garraway, pointing to some of the company's success stories and urging investors to reject the bid. Comments from other directors are promised in the coming weeks.

Garraway is certainly the more digestible of the two offerings. But shareholders who have not designated the Hoylake documents as do-not-stops already may wonder what, if anything, should attract their attention in this morass of detail, and whether any action is desirable.

On the first score, these weighty documents probably are tackled best in different stages.

The "industrial" argument. This comprises the much-pub-

lished "unbundling" theory, coupled with a ferocious attack on BAT's strategy and record, and is set out on pages 3-23 of the offer document.

As Jacob Rothschild suggested when unveiling the treatise (no doubt, pre-empting BAT's response), statistics can be chosen selectively to illustrate virtually any point-of-view - with the choice of starting dates, for example, producing very different impressions.

It is a fair point; but the argument holds good on both sides. Shareholders should read ALL documents with a certain wariness.

The terms. These are set out most clearly on pages 29-33 of the offer document and consist of various pieces of paper, not cash.

As explained on these pages, the offer allows shareholders to swap their BAT holdings for two types of loan notes in Hoylake, plus shares in Anglo, a medium-size quoted company which runs a leasing business and was earmarked for the Goldsmith return back in March.

The theory is that BAT's non-tobacco interests would be sold-off if the bid is successful,

and the proceeds would allow Hoylake to redeem the loan notes. Hoylake would end up owning the tobacco business.

Assuming full acceptance of the offer, existing BAT shareholders would own 92 per cent of Anglo, in turn holding 75 per cent of Hoylake. They would, therefore, have a 69 per cent interest in the ongoing tobacco business.

The remaining 25 per cent of Hoylake would rest in the

hands of Sir James, Jacob Rothschild and Kerry Packer, plus the 23 additional backers and friends listed on pages 72 and 73 of the offer document.

This is in return for subscribing £868m for Hoylake shares if the offer becomes unconditional. (The shareholder subscription agreements actually allow for up to £1,060m).

That is the simple way of

putting it. On pages 30-31, shareholders can find details of the loan notes - the interest they will earn, the security underpinning them, and so on.

On page 32, they will find some more sobering, warning notes on how these pieces of paper should be valued.

More assiduous shareholders should also struggle through details of the "override" scheme (on page 34). In simple terms, this entitles existing shareholders of Anglo and the original Hoylake investors (Goldsmith/Packer/Rothschild) to 8 per cent of Hoylake's distributions of BAT disposal proceeds and any increase in the value of the company's equity.

They should also read the "rights of Hoylake minority shareholders" on the following page, which offer very considerable protection for the position of the original Hoylake investors if the bid goes through.

Finally, there are some additional tidbits that shareholders might like to note. On pages 82, 83 and 86 of the listing particulars, for example, there are details about the costs and fees involved in the Hoylake offer.

On page 80, there is the service agreement with Al Dunlap

and Russ Kersh, the two Goldsmith men who would play a major role in managing the BAT business if the bid is successful.

As for action, the best policy for all but the most impatient/cautious investor must be to do nothing at present. There is a general consensus that the present terms are no more than an initial shot.

Even Hoylake, while refusing - correctly - to speculate on possible future developments has itself made clear that the offer is a cost-effective means of starting what inevitably will be a lengthy battle fraught with regulatory problems.

If Hoylake wished to offer some kind of cash alternative, it would have to underwrite its paper or borrow. And that would involve substantial fees to the backers - although the extent to which these might be success-related is a moot point.

For this reason, shareholders probably would be safe in sparing themselves some of the more mind-bruising details of the Hoylake offer at present, while keeping a close eye on further developments. The action, after all, is only just beginning.

Shareholders should read all documents with wariness

INVESTMENT TRUSTS

The Financial Times proposes to publish a Survey on the above on

7 October 1989

For a full editorial synopsis and advertisement details, please contact:

Richard Beccle

on 01-873 4181 or write to him at:

Number One, Southwark Bridge London SE1 9HL.

FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

SIB scraps City rulebooks

THE EMERGENCIES in the City of London last week of a proposed new approach to investor protection will send shivers down the spine of many people. This is because investors may suffer in the attempt to make life easier for financial firms.

The overhaul of the regulatory system, set up under the Financial Services Act, has been prompted by complaints from investment firms rather than by a desire to offer better protection for investors. Investment firms claim that the existing regime is costly and inefficient and that, ultimately, investors have to pay for this themselves.

The Securities and Investments Board (SIB), the chief regulator under the Act, has proposed a new system of regulation which would free firms from the huge and complex rulebooks that now govern almost every aspect

of the way they do business. The SIB's reasoning is this. Detailed rules encourage compliance with the letter, rather than the spirit, of the law. By greatly reducing the number of rules (to 46) and making them much broader, it will be possible to encourage investment firms to take a less legalistic, and therefore more conscientious, approach to investor protection.

In addition to the 46 so-called "core rules," firms would have to abide by 10 principles - the financial equivalent of the Ten Commandments - requiring them, for example, to act with integrity and to avoid conflicts of interest. They would also have detailed codes of conduct, rather like the Highway Code, to which they must adhere.

This new structure is causing concern for several reasons. Investors now have the right to take legal action against a firm with which they

deal for any breach of the complex rulebooks. In future, they will be stripped of this right (this will happen when the next Companies Act comes into force, probably in October) and will be able to take action only for a breach of the "core" rules.

In return for giving up these rights, consumers will have two extra forms of protection. First, the codes of conduct could be used as evidence in a court action to prove whether an investment adviser had stuck to the core rules. The courts are likely to set considerable weight by adherence to the codes - just as they treat the Highway Code in relation to motoring offences.

Second, regulatory bodies will be able to take action themselves over breaches of the codes, or the 10 principles. Their powers include levying fines or suspending firms from doing business. Investors will,



FINANCE & THE FAMILY

THE WEEK AHEAD

BT looks on line for £620m

BRITISH TELECOM's results, which will be announced on Thursday, are expected to provide tangible evidence of slower domestic economic growth and less buoyant international traffic.

Analysts are looking for pre-tax profits in the region of £620m, indicating only a marginal improvement over the £510m achieved last time.

In addition to local and international operating conditions, BT's results will carry also the interest costs associated with the acquisition of a stake in McCaw Cellular, the US company, which continues to make heavy losses.

Standard Chartered, the London-based international banking group, will be producing its interim results on Wednesday. Like the recent clearers it will have to take a heavy hit for its Third World debt exposure, and the result is certain to be in the red.

Warburg Securities analysts are forecasting an attributable loss of about £90m.

However, the main interest will be the strategic plan

which the new chairman, Rodney Galpin, has promised to unveil at the same time. After its recent troubled history, Standard needs a fresh momentum and the City will be looking for signs of progress.

In the shadow of the Consolidated Gold Fields buyout, Hanson's third quarter results (due Monday) seem largely academic to much of the City - most are more keen to speculate on possible disposal strategies than crunch pre-Cons Gold numbers. House broker Hoare Govett is looking for £275m, up about 10 per cent from last year's £249m, and broker James Capel is toward the upper end of expectations with a £280m forecast.

Further indications as to the impact of the current downswing in the US insurance

cycle will be given when General Accident and Royal Insurance both report their half-yearly results on Wednesday.

The figures this week from Commercial Union showed that competition, particularly in commercial lines, is becoming intense in the US, and both groups are expected to report higher underwriting losses from the US and Canada, where insurers are struggling against the authoritative controls in Ontario.

Recent good experiences in the UK are not likely to offset Royal's North American losses, though it should enable GA to break even. However, both groups are having problems with their recently acquired UK estate agency chains during the current depressed state of the mortgage market, and

heavy losses are expected - £5m for GA and £11m for Royal. In addition GA is counting the cost of sorting out the problems of the recently acquired NZI Bank.

Overall, Royal could see pre-tax profits down by as much as 40 per cent to around £29m, with GA just maintaining £152m. But despite lack of earnings growth, shareholders can still look forward to increases in the interim payouts from both groups.

Interim results due on Wednesday for the sealing systems and engineering company Laird Group are likely to show pre-tax profits between £19m and £20m, an increase of about 15 per cent from the £17.4m reported a year earlier.

Laird surprised the City in April with its revelation that

fundamental accounting errors, made over several years at Metro-Cammell Weymann, the bus and taxi manufacturer now being broken up for sale, led to millions of pounds in losses being overlooked.

WH Smith, the retailing group, announces its full year results on Wednesday with analysts looking for pre-tax profits of £84m compared with £70.4m last time. The main retailing chain bucked the Christmas trend of depressed sales which affected a number of high street stores and should raise profits from £37.4m to £50m.

Our Price records, which recently saw the dismissal of all four of its original directors, has also had a good trading period. Disappointments are expected from the travel side,

however, which is expected to show increased losses. Similarly, the De-It-All chain will have suffered from depressed DIY spending and will register only a small improvement.

Queens Most Houses, the international hotel group, will announce pre-tax profits for the half year of around £25m on Wednesday. The group has expanded rapidly in recent years and is building a strong presence in continental Europe.

Johnson Group Cleaners, the largest dry-cleaning company in the UK, also reports interim results on Wednesday. This summer's spell of unusually fine weather, however, may have dampened demand for dry-cleaning services - as Sketchley's recent results perhaps suggest. Warm weather and little rain also means fewer trips to the cleaners.

Pre-tax profits may rise from £7m to £8m for the half. The strong textile rental market will have boosted Johnson's activities in this field, and there will also be a good contribution from its US interests.

RESULTS DATE

Company	Announcement Date	Dividend (%)	Dividend (p)	Year
<b>GENERAL DIVIDENDS</b>				
Evans of Leeds	Tuesday	2.0	3.5	2.5
Howard Holdings	Monday	0.9	0.8	0.6
Int'l Communication & Data	Tuesday	0.8	2.50	1.0
Job Holdings	Monday	3.0	5.5	6.0
Pills Holdings	Wednesday	0.6	1.25	0.7
Ravens	Wednesday	0.2	0.2	0.2
Smith Wm Group	Wednesday	0.2	0.2	0.2
Westerb International Group	Wednesday	1.2	1.2	1.2
<b>INTERIM DIVIDENDS</b>				
AAP Investment Corporation	Wednesday	2.5	4.0	-
Anglo American Industrial	Friday	85.0	205.0	-
Associated-Herberts	Thursday	3.8	4.5	-
British Assurance	Wednesday	8.6	11.0	-
British Telecommunications	Thursday	2.7	2.7	-
British United	Friday	0.075	0.075	-
De Beers Consolidated Mines	Tuesday	40.0	180.0	-
ESF Group	Tuesday	0.2	0.2	-
Edinburgh House Products	Thursday	2.5	2.5	-
F&C Enterprise Trust	Monday	0.75	0.75	-
File Inmer	Monday	0.2	0.2	-
First Scottish American	Thursday	2.5	2.0	-
General Accident	Wednesday	15.5	20.5	-
Hanson	Monday	0.2	0.2	-
Johnson Group Cleaners	Wednesday	5.2	17.5	-
Laird Group	Wednesday	5.5	6.5	-
Microvision	Thursday	0.75	1.0	-
Monument Hill & Gas	Thursday	1.0	1.0	-
Newmarket Venture Capital	Monday	1.5	1.5	-
Nichols JN (Vint)	Thursday	1.5	2.1	-
Plasencia	Thursday	0.2	0.2	-
Queens Most Houses	Wednesday	0.98	0.97	-
Rea Brothers Group	Tuesday	0.2	0.2	-
Richardson & Green	Thursday	1.2	2.8	-
Royal Insurance	Thursday	0.5	0.8	-
SD School	Wednesday	0.275	0.47	-
Stewart & Lloyds	Monday	0.2	0.2	-
Teknor	Monday	1.0	1.0	-
Transport Development	Monday	3.0	3.5	-
USOC Investment Trust	Monday	3.25	3.0	-
Verity Securities	Thursday	0.5	2.4	-
Ward Holdings	Friday	0.5	2.1	-
Whitbread Leisure	Monday	0.2	0.2	-
Young Group	Friday	1.5	3.2	-

Crackdown by Fimbra

FIMBRA (Financial Intermediaries, Managers and Brokers Regulatory Association) announced this week its first suspension of an individual authorised member following a criminal conviction.

Roger Hardy Williams was suspended because of a conviction earlier this year on two charges of deception. Budd Hulbert Williams, the Maidenhead-based firm of which Williams was chairman, has been notified by Fimbra that it will be served details of disciplinary charges. Williams has resigned as chairman and severed all connection with the company - indeed he had no other option.

The firm's "crime" is that it failed to inform Fimbra promptly that Williams had been convicted of a criminal offence, as required under Rule 3.5.5. John Pinniger, of Fimbra's Communications Department, says that a week to 10 days is considered to be the accepted period for

notification. Harold Budd, a director of the firm, claims that it was a technical oversight. Apparently, Williams himself informed Fimbra of his conviction, but Fimbra also required the firm to inform it of the event separately.

The *raison d'être* of the financial services legislation was to provide protection for investors by weeding out those individuals and firms which the regulators do not consider fit and proper. In other words, the incompetent and the crooks.

So far, the regulatory bodies seem to have concentrated on suspending those individuals and firms which cannot meet the bureaucratic requirements. It is refreshing to find that Fimbra at least has not entirely forgotten the reasons for its existence. Fimbra's message to authorised firms is that if they fail to inform the authorities that a member has incurred a criminal conviction, Fimbra will come down hard,

and publicise its action. If the charges against Budd Hulbert Williams are sustained, the firm could face penalties ranging from an admonishment to a restriction placed on its business, or could even be ordered to cease conducting certain classes of business.

However, Budd claims that Fimbra has indicated that it does not regard this particular offence as serious. Fimbra appears to be satisfied with the actual business operations of Budd Hulbert Williams: it has not issued a blanket Rule 17 suspension order against the firm, which is the normal action taken if Fimbra considers there is a real risk to the investing public of allowing a firm to continue trading.

The firm is writing to all clients to explain and reassure them of the security of their investments. It is understood that Williams' offence occurred prior to the formation of the company.

However, many of the firm's customers were personal clients of Williams, a common feature with small provincial financial advisers where one particular director or partner, and no other, handles the business of particular clients.

Eric Short on the problems of personal pensions: Pensions: the pitfalls

SEVERAL HUNDRED employees who took out personal pension policies earlier this year in order to contract-out of the State Earnings-Related Pension Scheme (Serps) and benefit from the Government's 2 per cent incentive payment will find that their applications missed the May 17 deadline set by the Department of Social Security.

This may be only a small percentage of the 3.5m employees who took out personal pensions between July 1988 (when they first became available) and the end of the 1988/89 tax year, but it does mean that they could have lost a good investment opportunity.

More important, it highlights the problems facing life companies and the Department of Social Security that have arisen from the overwhelming success of the new style personal pensions, particularly those policies used to contract-out of Serps.

The problems start with the complex format of personal pensions used to opt out. These are single premium contracts, with the premium comprising three elements - the National Insurance rebate for contracting-out, the basic tax credit on the employee's portion of this rebate, and the incentive payment from the Government.

However, the employee is not involved in any payment. His employer makes the normal NI payments and the DSS takes out the rebate, collects the tax relief from the Inland Revenue and pays the money over, with the incentive to the life company or other provider.

An investment opportunity where the investor does not have to pay out any money and where the Government is contributing is a salesman's dream - and needless to say, the salesman made the most of this opportunity.

The sales effort was made in the final weeks of the tax year (some 2.5m contracts were taken up after the beginning of the year, with over half these coming in March and early April) and the administrative systems just could not cope with the volume of business. It is not just a question of processing the application. Every person seeking a personal pension contract has to be given a "cooling-off" notice after the sale, with 14 days in which to consider changing his or her mind and withdrawing

from the contract. This prolongs the processing time.

The Association of British Insurers and the DSS had agreed a timetable for processing personal pension applications for 1988/89. The completed proposals, including the necessary employer declaration and the completed cooling-off procedures, had to be received by the DSS Newcastle administration by May 17, six weeks after the end of the tax year.

A six week deadline would seem sufficient, but nearly every life company is reporting that a few hundred contracts that the DSS claims failed to arrive in time and which it is not prepared to accept. So these employees are still in Serps and have lost the investment opportunities available for the relevant years.

However, life companies are either treating the contracts as ordinary personal pensions, and pledging that they will make up the benefits after allowing for Serps, or they are

policy in any year in order to contract-out of Serps, though they can have as many ordinary personal pensions as they wish.

However, the DSS has received at least 60,000 duplicate applications to contract-out. Either employees are being greedy for the incentive or more likely they are unaware of the restriction.

If the Department has not processed any of the applications, it will contact the employer and ask which one has already been processed, that one stands and the others are returned to the provider with a covering explanation.

What lessons can be learned from these problems?

The first lesson, concerning failure to meet the deadline, is for employees to submit applications for contracted-out personal pensions early.

For most employees this should not be a problem. Although contracted-out personal pensions are technically single premium contracts, life companies have designed them so that renewal is automatic unless the employee notifies them to the contrary, and the application for the current year will be made automatically to the DSS.

However, for employees contracting-out for the first time, the message is: take action early, even now. It makes no difference to the ultimate benefits at what time the contract is effected during the financial year. In any event, the life company does not receive the money from the DSS until after the end of the year.

On the question of whether employees are getting their rightful due down to the very last penny, they could contact an expert who would check the DSS figures. However, it may not be worth the considerable effort involved, unless they feel very strongly about the matter.

Finally, remember that you can only have one contracted-out personal policy for any particular year. So if you already have a such a contract and wish to change life companies, do not forget to inform the old group first, and to submit your application for 1989/90 to the new life company. Otherwise you could find yourself with duplicate applications.

How pensioners lose out: Page V

PRELIMINARY RESULTS

Company	Year	Pre-tax profit (£000)	Dividend (%)	Dividend (p)
Ashford Group	Apr	5,710	28.1	2.5
Bentley Jobs	May	2,040	22.0	7.5
British United	Mar	271	1.57	0.4
Charterwell	Jun	13,100	3.15	1.1
Compo Holdings	Mar	1,240	29.0	10.0
Copson F	Apr	322	8.89	4.0
Dunston Group	May	1,110	3.5	2.5
Eastel	May	2,580	8.5	2.25
Kingsgroup	Apr	2,940	10.8	0.75
Lynx Group	Mar	945	1.0	1.0
McKay Securities	Mar	3,220	9.9	4.5
Mid Wynd Int Inv	June	224	1.7	1.25
Orchard	Apr	1,771	1.17	0.25
Practical Inv	May	747	3.72	3.21
Prac Sec Inv Trst	Mar	6,320	6.56	3.75
TR City London	June	6,970	3.92	3.4

INTERIM STATEMENTS

Company	Half-year	Pre-tax profit (£000)	Dividend (%)	Dividend (p)
Alch Holdings	May	4248	85.1	1.4
Andros Resources	June	1,214	1.4	1.4
Ansheber Henry	June	2,200	5,000	1.0
Betacom	June	512	951	1.0
BOC Group	June	235,000	220,000	1.0
British Alcan Alum.	June	27,200	27,000	7.3
British Petroleum	June	10,000	73,000	6.0
Brumpton Group	June	608	279	1.0
Bullers	June	195	237	0.5
Capital & Counties	June	23,800	20,600	8.25
Chelton Group	June	602	694	1.8
Chelton Properties	June	1,005	2,650	1.5
Commercial Union	June	30,200	111,400	8.15
Cont & Industrial	June	4,680	4,400	20.0
Dares Estates	June	5,590	5,500	0.5
Deputy Warren	June	3,590	2,500	0.5
Edinburgh Oil & Gas	June	32	39	1.0
Egwin Group	June	1,100	909	1.8
Fairway (London)	June	340	295	1.0
Fergalbrook	June	157	2,660	1.0
Foreign & Colonial	June	12,800	10,910	0.8
Freeman Group	June	2,070	1,440	2.75
Gen Group	June	110,000	83,970	7.5
Haywood Williams	June	15,310	13,100	4.5
Hickson Int'l	June	20,430	12,053	2.6
Huntington Int'l	June	4,500	2,650	4.0
Independent News	June	6,000	5,079	4.0
Inv. Trst. Guernsey	June	719	617	0.5
Kleinwort O'Leary Inv	June	1,130	1,030	1.1
Life Sciences Int'l	June	3,700	10,445	0.5
London Forstling	June	6,500	10,445	2.82
Manchester Ship	June	467	1,140	1.0
Metal Bullfinch	June	480	503	2.1
Mining Allied & Supp	June	398	195	1.0
NFC	June	53,500	38,800	1.35
Pacer Systems	June	308	446	3.0
Railair	Mar	20	19	2.1
Relyon Group	June	1,870	2,250	2.1
Rotoric	June	2,740	2,500	3.5
Royal Dutch/Shell	June	2,020	1,583	1.0
Simon Engineering	June	14,300	11,700	4.5
Smith & Newbery	June	6,500	6,876	1.74
Trencherwood	Apr	9,190	6,040	1.31
TR-Pacific Inv. Trst.	June	339	242	1.0
Ultramar	June	62,500	22,700	3.0
WPP Group	June	28,000	18,150	11.3

Easing a burden

ANYONE WITH a mortgage will not need to be reminded that these are difficult times. Interest rates look set to remain high until the end of the year and very probably well into 1990.

The banks' base rate of 14 per cent, which was slapped on by the Chancellor, Nigel Lawson, on May 24 to prevent a run on sterling, may come down a little in the autumn and winter, but that is about the best that can be expected.

Anyone who came into the housing market at the height of the boom in prices may well find it tempting to ease their payments burden by shifting to a low start mortgage.

These kinds of mortgage are not new. However, in the last few weeks, several lenders have begun to offer flexible or flexible deferred interest mortgages.

The Abbey National building society, for example, unveiled its deferred interest mortgage in mid-July, which allows borrowers to defer a chunk of their mortgage payments - varying between 15 and 35 per cent - for periods between three years and 15 years, at the cost, of course, of increasing their debt.

Sun Alliance and First Mortgage Securities launched a variable deferred mortgage soon afterwards which gives

borrowers the option of cutting the level of their interest payments during the first two years of the life of the loan by either 5 per cent or 3 per cent. After two years, the loan reverts to a normal variable interest rate arrangement.

Royal Trust this week went a step further and launched a mortgage product which is even more flexible. For a start

monthly repayments are going to be) with the ability to reduce his debt when rates are low and defer it when they are high.

"By paying more when he can afford to," says Neil Redman, assistant manager, "the borrower can redress any backlog of deferred interest made when rates were high and payments were reduced."

In other words, if you judge your situation correctly, you should be able to avoid the usual problem with low-start mortgages, which is that after the first two or three years, monthly outgoings can rise very sharply.

What are the drawbacks? One, of course, is that any deferred interest will also have to be paid if the mortgage is redeemed early. It is not that these mortgages are not available to everyone.

Abbey National says that its deferred mortgage is aimed at current home owners who are financially self-confident and who have rather larger savings than first-time buyers. They are also targeted at people with high incomes - Royal Trust's scheme, for example, is available only on mortgages of more than £100,000 - and the lenders will usually expect the borrower to have a fairly large slice of equity in the property.

David Barchard looks at how a new crop of low start mortgages is finding favour with hard-pressed home-owners

It allows borrowers to pay above the standard borrowing rate as well as below it, if they so choose.

The "Flexible Payment Option," as Royal Trust call it, allows borrowers to select their interest rate annually. They are allowed to choose a rate within a 4 per cent band of the standard rate.

From the borrowers' point of view, this arrangement combines the advantages of a fixed rate (the known in advance exactly what his

The problems start with the complex format of the new-style personal pensions themselves

canceling the contracts and paying compensation. There is nothing else they can do.

The DSS has separate problems mainly concerning the calculation of an employee's rebate.

The Department has been accused by David Rothberg, senior tax partner with the London accountancy firm, Billick Rothberg, of short-changing employees over their personal pensions as a result of underpayment and late payment.

The basic problem for the Department is not that its formula or systems are wrong, but that the basic information on an employee's earnings, on which these calculations are made, is incomplete or inaccurate. This information is provided by employers as well as submitted by the employee.

Little that the DSS can do other than persuade the Government to simplify the complex rebate calculation.

There is yet another problem. Employees are only allowed one personal pension

PEPs, the investor now has the same tax-free benefits which a 10-year life policy offers, without being tied in long term.

Fidelity's Mary Blair forecasts that, in 10 years, PEPs will be taking more than half the business which now goes into endowment mortgages assuming the present tax treatment remains unaltered while unit trust pensions may account for a third of personal pensions business.

Unit trust mortgages are similar to unit-linked ones in terms of risk, and offer the attractive possibility of paying off the loan early. Unit trust pensions offer a wide range of funds, including money market or gilt trusts which can be used to shelter gains towards the end of the term, although they do not have a with-profits option.

The new private health plan from Kleinwort Benson opens further possibilities, with the monthly income from the unit trust investment being used to pay the premiums on health cover at special group rates.

Unit prices and dividends can fluctuate, but since the premiums in this case are paid out of income, the risk of distributions falling to a level where income premiums could not be met is low. A recent income trust survey showed that only two of 96 funds made an overall dividend cut over the three-year period to the start of 1989, despite the 1987 market crash.

The idea behind the Klein-

word Benson scheme has already been copied for the payment of other types of liability. Henderson's Lifeplaner will package a full PEP (with direct shareholdings as well as unit trusts) to repay a mortgage or school fees and to provide ordinary savings and retirement income.

The unit trust industry has traditionally had an uphill struggle in marketing its wares, being up against the free-handed commissions paid by insurance companies. It looks as though insurance commissions are heading for the sky, while unit trust groups seem reluctant to follow, leading to a big gap between the two. At the same time, people are growing more aware of the effect of charges on performance.

Phil Norman of the Savings Corporation says: "Historically, trusts have been skewed towards risk, concentrating on high-risk equity markets, and so have not been suitable for the smaller saver."

The Savings Corporation is producing a range of plans using unit trusts and emphasizing safety, although this philosophy attacks the very feature that makes unit trusts attractive. If you make them safer, by investing in fixed interest and unexciting blue chips, you lose the central advantage of strong performance through an international spread of growth stocks.

Unit trusts find favour

UNIT TRUSTS have a habit of popping up in various shapes and guises. In 10 years, investors could find they have a unit trust mortgage (possibly a PEP), a unit trust pension plan, and private health or school fees schemes funded by unit trusts as well.

As this shift from insurance policy-based schemes to unit trust-based plans a good thing? Many investors may feel worried, regarding unit trusts as riskier vehicles than insurance policies. However, a move towards more unit trust-based schemes should be viewed favourably, on the grounds that they are likely to have lower charging structures and to perform better than unit-linked policies.

Unit trust plans do carry a risk - just like any unit-linked product such as an insurance bond - and there have been attempts to deal with this, either by building a guaranteed element into a savings plan or by rating trusts to make the investor aware of the level of risk. Even so, investors should spread their investments towards more unit trust-based products in cash, and regard it as long-term.

A unit trust will always be riskier than a with-profits policy where the value accumulates through bonuses, but long term it should perform substantially better. For periods of less than 10 years unit trusts are much more flexible since there are no withdrawal penalties. With unit trust

Christine Stopp

RIGHTS ISSUES

Beckham Group is to raise £5.1m via a 1-for-3 rights issue at 95p.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Beckham Group is moving from the Third Market to the LSE. Yorkshire Radio Network is to join the LSE via a placing of 2.1m shares at 200p.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share	Market price	Price before bid	Value of bid	Bidder
Alva Int. Trst.	314	316	285	5.50	ENI
Avon Group	350	344	316	27.0	Brit. Aerospace
BAT Ind. Grp	850	850	824	13.00m	Hayfinch
Beacon Group	63	62	48	25.3	Anglo Am.
Business M. Trst	60	60	65	12.45	Nyredit
Cons. Gold Fields	1530	1478	1253	3.46m	Hanson
Goldstar Bros.	700	690	541	86.40	Alcan Capex
Goldberg (A)	220	174	175	35.08	Black & Levene
Inry Mar. Dev.	620	618	619	27.0	Merchandise
Mollie	190	219	208	55.81	ESP Securities
Myson	240	232	221	195.7	Blue Circle
Myson	2059	232	221	195.	



FINANCE & THE FAMILY

Taxing time for a wife

IF A WIFE'S pension is not deemed to be earned income for the purpose of the wife's earnings allowance, how is it taxed - as her unearned income, or as a charge upon the husband's pension as earned income attributable to his contributions?

I noted that if a wife's earnings exceed £24.75 a week, her pension of £24.75 is not paid despite the abolition of the earnings rule. I assume that earned and unearned would be synonymous in this case?

Having recently completed my application form for the state pension, I was surprised to find that I had to apply for a separate claim form for my wife, who is an "unpaid" housewife and below the age of 60. I thought at first that this would be a means-tested situation and that it would not be payable. I was advised to claim.

The wife's pension is deemed not to be earned income for the purpose of the wife's earnings allowance, but is treated as her earned income for all other purposes. As you say, the position would be different if (or to the extent that) her pension was based upon her own contributions.

Waste of money

MY SON died intestate five years ago and, after litigation, I obtained provision of £10,000 from his estate for his own care, maintenance, and education, and for giving me discretion to manage the money until he came of age.

the beneficiary comes of age without an order of the court varying the trust. It might be possible to go back to the court under the order made in the original action but that would depend on the precise form of the order and of the settlement of the fund. Alternatively, a variation might be sought under the Variation of Trusts Act 1958.

A tenant to treasure

I HAVE a tenant occupying a flat under the terms of a one-year shorthold tenancy agreement (pre-1988 Housing Act). This agreement is up for renewal and I have read that, under the 1988 Housing Act, I cannot transfer her to a new assured shorthold tenancy.

Q&A BRIEFCASE

No legal responsibility can be accepted by the authors of these columns. All inquiries will be answered by post as far as possible.

Defensive action

THREE TO four years ago, my neighbour put up a 6 ft-high fence. As we have always had good neighbours, I did not pay much attention. But I realised later that the fence encroached on my property and takes away my space.

Negligent solicitors

MY DAUGHTER is selling her freehold property but the purchaser's solicitor discovered that the garden had not been incorporated in the land certificate. The solicitors dealing with the sale have since been incorporated with another firm.

Entitled to money back

FOUR YEARS ago, as a condition of having a default judgment set aside, I was ordered to deposit £2,000 with the plaintiff's solicitor. The order does not say in what capacity it is to be held. After two years, and a voluminous correspondence, it became clear that they have made no move to bring an action.

Fail-safe procedure

MY SAVINGS are invested in a building society and I have it in writing that, in the event of failure, the society is a "fail-safe" scheme which provides protection of 90 per cent of the first £20,000 of investment.

CGT - the good news

BRITISH expatriates who decide to resume UK residence after several years' absence are likely to find that the financial scene has altered almost beyond recognition, particularly when it comes to capital gains tax. These CGT changes may be of immediate concern to expatriate families in circumstances where one of the spouses (usually the wife) remains a UK resident as a result of the time she spends in Britain and, in many cases, by retaining a place of abode there.

EXPATRIATES

With effect from April 1988, neither these families nor UK residents have had to pay CGT on any gains which had accrued up to April 1, 1982. Gains arising after 1982 already had been made subject to full relief for inflation. Only in cases where both spouses are UK residents will the individual benefit fully from the introduction of independent taxation in the next tax year: for the first time, they will be assessed separately on their respective capital gains, each being entitled to an exemption (on present figures) of £5,000 per annum.

Too few company schemes are making proper allowance for the ravages of inflation on payments to the retired, says Eric Short

TONY NEWTON, the new Social Security Secretary, might be wise to use the summer parliamentary recess to study the accompanying table closely and, above all, to make sure he understands its implications.

The table shows the results of the latest survey carried out by leading consulting actuary R. Watson & Sons, among its clients to see how company pension schemes compensate for the eroding effects of inflation when pay-out time arrives.

How pensioners lose out

Table showing Average current pension as a percentage of its original purchasing power at retirement for years 1969, 1974, 1979, and 1984. Includes columns for Retirement at end of and Purchasing power at end of.

financial position and the companies themselves continue to enjoy contribution holidays that could last several more years.

Such a situation is highly unsatisfactory. Pensioners should have first call on the surplus of a scheme until the real value of their pensions has been restored fully and then maintained on an annual basis.

seem unaware of the problem. All too often, when they receive an increase they write letters of thanks to the trustees or pension administrator instead of checking to see if the rise has restored the value.

Sara Webb on the reluctance of employers to help their workers prepare for the stress and strain of retirement

The longest holiday of all

short-sighted. More and more people are considering taking early retirement (even though the Government might prefer them to stay in harness beyond age 65); thus, they need to plan their finances well in advance.

Hughes says: "Many people imagine they will retire at 55 but, in practical terms, they may not be able to because their pensions fall short of their requirements and would need massive additional contributions."



By the year 2,000, it is estimated that over half the population will be aged 50 or more, and will own 60 per cent of the nation's private assets.

A separate survey conducted by Gallup for L&G suggests that, in theory, people are willing to pay extra contributions to be aware that they are likely to retire early. For example, 66 per cent of employees agreed it was important to pay extra pension contributions now so that they could enjoy their retirement sooner rather than later.

Pre-retirement courses can cover anything from how to wire a plug when your hands are arthritic to managing your finances or using time constructively. But, for most people, the main concern tends to be questions like "will I be bored" (especially true for the sort of managers who regard their job as their hobby) and "how will I cope on my pension?"

Other subjects covered include state benefits, inheritance tax and health advice. Which? magazine of the Consumers' Association, has just produced an excellent

(OPB) to investigate the rights and interests of employees and employers in occupational pension schemes. Its report has been at the Department of Social Security since January. Newton must now decide whether to act on it or treat it like many other reports from the board and leave it on the shelf to gather dust.

action pack called Finance Your Future, a Mid-Life Guide to Financial Planning for Your Retirement. To be published next week. Ford's Pasterfield believes post-retirement assistance is equally important, although few companies provide follow-up advice for their former employees on pensions or retirement homes.

Advertisement for St Andrew Trust, No. 1 in its Sector. Features Net Asset Value + 22.5% and Interim Dividend + 20%. Includes contact information for Martin Currie Investment Management Limited.







OUTDOORS/MOTURING

A Shogun that rules the road

This 4x4 is cheaper than a Range Rover and feels nicer to drive, too, reports Stuart Marshall



The five-door Shogun V6: effortless performance and so quiet on the road - but, like its competitors, it's a little on the thirsty side

ful but also the roughest and noisiest at low speeds, when it lacks pulling power. But as the turbo-charger starts to crank air into the cylinders at more than 2,000 rpm, it quietsens down and flexes its muscles. On the motorway, a Range Rover TD is a real goner. In traffic, you notice the heavy clutch and gear-shift.

Both the turbo-diesel Shogun (which also is inter-cooled) and Trooper are quiet and pleasantly drivable at low speeds, with light controls. On the motorway, you could be sure they were petrol-engined. It is possible to have the best of both worlds: a diesel Range Rover with almost as much performance as the petrol V8 and even better fuel economy.

I drove one a few weeks ago. It was powered by a 3.5-litre, four-cylinder, direct-injection Nissan diesel which fits under the bonnet as though tailor-made, pulls like a train and runs very smoothly. I rated it by far the best Range Rover diesel conversion I have tried, and much better than the standard Nissan.

The Nissan diesel could be retro-fitted into a new Range Rover for £4,150, plus VAT, some of which would be offset by selling the V8. Most buyers so far have been owners of "brain dead" Range Rovers, their engines worn out by heavy towing but otherwise fit for another 100,000 miles of hard work. Sales and installations are handled by SMC Industrial Products, Bristol Road, Hambrook, Bristol BS16 1RY (tel. 0272-701-314).

Big 4x4 estates like the Range Rover and its two main rivals, the Mitsubishi Shogun and Isuzu Trooper, are lovely touring cars if you go four-up and might want to venture off the beaten track. They cope with any road, however rough or steep. Everyone sits upright comfortably in big seats and can see over hedges. There is masses of luggage room.

Make sure you have your credit cards handy, though. They can be thirsty. The long-wheelbase Shogun I drove on a 700-mile round trip to Wales last month was the new three-litre version with an exhaust catalyser. It kept up with the 80 mph (130 kmh) stream on the M4 as effortlessly - and almost as quietly - as a conventional-estate car but it used one gallon of unleaded petrol every 19 miles (14.8 l/100 km). This is par for the course. The official figures suggest a 3.5-litre V8 Range Rover, fitted with a front spoiler which has to be removed for serious off-roading, might be only marginally less thirsty on the motorway. A 2.5-litre Isuzu Trooper's consumption is the same as the Shogun's.

The only way seriously to reduce a bluff, high-shung 4x4

estate's fuel consumption is to have one with a diesel engine. More of this in a moment. You hear hardly a sound from the Shogun's V6 engine or five-speed high/low range transmission, which is used in

rear-wheel drive on the road. The enormous Bridgestone off-road tyres rumble now and again on coarse surfaces but are nothing like so noisy as their bold tread pattern would suggest. Wind roar is subdued

under 70 mph (113 kmh) but increases at higher speeds as the window glass in the driver's door is sucked outwards by the air flow.

Independent front suspension and a coil-sprung back axle give an almost car-like ride. The V6 Shogun handles rather like a car, too, once you get used to the dead feel of the power steering. Everything about it is effortless. The brakes and clutch are as light as a small car's. The windows and monster sun-roof are operated electrically although, surprisingly, the exterior mirrors are not. It has central locking, with a fascia button to open the rear door. Cruise control and a limited-slip rear differential are standard.

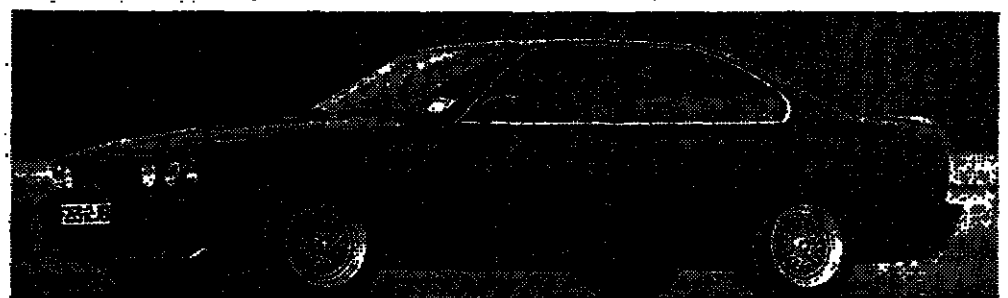
The interior is as swish, and has as much wood veneer trim, as that of a Range Rover. There are two sideways-facing folding seats if you have to travel seven-up. And at £20,089

(including a three-year, unlimited mileage warranty), the Shogun V6 with the Diamond option pack is £3,600 cheaper than a manual Range Rover Vogue. It costs £9,600 less than the poshest Vogue SE, which is sold only as an automatic.

Although it is not quite so fast (if that matters) as the 3.5-litre V8 Range Rover, I find the Shogun nicer to drive. It weighs less on corners than the softly-sprung, beam-axled Range Rover and the controls are much lighter.

Diesel engines suit big off-road estates. They curb their thirst by 20 per cent - more if used for frequent short journeys or in town traffic - at the cost of some loss of acceleration. All three (Range Rover, Shogun and Trooper) may be had with turbo-diesels of 2.4, 2.5 and 2.8 litres capacity respectively.

The Range Rover's Italian VM engine is the most power-



BMW's tasty trio

AT PRICES ranging from about £13,000 to £40,000, BMW's three latest offerings are not exactly all things to all motorists but they do cater for a wide range in incomes and tastes.

The 318i Touring (£13,470) is the entry-model version of a five-door estate car at the polo sticks and plastic saddle, rather than handbags and briefcases, and of the market.

Its performance is sensibly brisk rather than theoretically shattering but, when at rest, anyone could mistake it for the dearest and most potent 1.8i and 2.0i Touring models which cost up to £19,115. And the place where the luggage or the dog goes still has a velour carpet.

The BMW 535i Sport Auto (pictured) which I drove in the recent heat-wave had air-conditioning, which adds £2,207 to the £29,980 price but is worth every penny to a user-chooser (providing the finance director agrees). It is said to have a top speed of 146 mph (235 kmh). More important to me were instantly-responsive handling, seemingly unlimited reserves of road-holding, and enough

acceleration to dispose of any obstruction safely.

Ride comfort on poor roads suffers a little from the stiffened suspension and ultra-wide wheels and tyres, but I found the 535i Sport Auto pure enjoyment for business-type motoring.

Anti-lock brakes, an easy to use on-board computer, hip-hugging sports seats and an electric sun-roof are standard. My test car had extra like ASC (auto stability control) - it prevents wheel-spin if roads are slippery and the driver's right foot too heavy - plus buffalo leather upholstery. Together, they boost the price by £2,577 to £32,527 - but what a wonderful car for anyone who really enjoys driving and wants two-pedal control, every amenity, and four seats with luggage space to match.

The third BMW to come my way in recent weeks was a 750i, the shorter wheelbase version of the V12-engined 750iL which many reckon is the world's best top management express at the moment. It has air-conditioning as standard, which made my arduous journey from Tours to Celais

coolly comfortable when the thermometer stood at well over 30 degrees C.

Although a little shorter than the 750iL, it still has ample rear seat leg-room and the same massive boot. It costs £45,250.

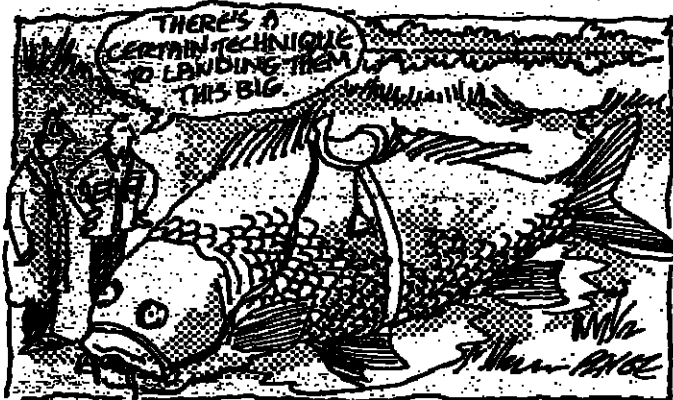
Many BMW drivers have their horror stories of unexpectedly large servicing bills, although it is fair to say that a quality car needs skilled attention to keep it in perfect condition. This rarely comes cheaply.

Budget-conscious owners should try a fixed-price, no-appointment, fast-fit workshop just opened by an authorised BMW dealer in north-west London. Holland Park Limited's curiously named ExpressPoint (yes, really) is alongside the firm's main service centre in Hythe Road, Willesden.

Typical charges are £48.67 for renewing the front brake pads and sensor on a pre-'82 3-Series; £93 for an oil and filter change for pre-'82 316 and 320i models; and £210.51 for fitting a complete new clutch assembly to a pre-August '86 BMW 518.

S. M.

Fishing



It's carp that count - not the divorce!

Tom Fort on a very subtle prey

SEVERAL months ago, Kevin Maddocks, one of Britain's foremost anglers, won £150,000 in libel damages against an angling newspaper which had accused him of filching fish from someone else's pond. It would be nice to believe that the size of the award reflected society's regard for fishermen in general, as well as for Maddocks in particular.

Maddocks makes his living out of fishing. But he also occupies an honorary position as chairman of the Carp Anglers Association. It might not sound much but, within the sport, it bestows on him an almost-priestly status.

The carp is not an other fish. For one thing, it grows to immense size - as much as 60lb - and has strength to match. In addition, legend has attributed to it unequalled sagacity and cunning. As a result, the pursuit of carp is not so much a recreation as a vocation - even a sacred duty.

Author Arthur Ransome observed that the man who fished habitually for carp had a "strange look in his eyes." He added that he had shaken hands respectfully with the man who had caught the biggest carp in England, a man who looked "as if he had been in heaven and hell and had nothing to hope from life."

Indeed, for many years big carp - fish of 20lb or more - were regarded virtually as uncatchable. One authority cautioned that the beginner could expect to fish for 1,000 hours before catching his first carp. Albert Buckley's 26lb fish, caught in 1959, held the record for two decades.

But in 1952, Richard Walker, Britain's greatest fisherman, landed his record fish of 44lb. He wrote of the moment when, in the twilight of a September dawn, his senses first absorbed the creature's size: "I knew it was big, and suddenly, it dawned on me that it was more than that. It was tremendous!"

lowers has, if anything, intensified. The carp enthusiast does not say to his wife: "Just off for a couple of hours' fishing." He announces on Friday evening in a quiet, exalted tone that he will not re-appear until Monday morning. And should he return from his 60-hour vigil over his electric blue alarm to find the house empty, and a letter from his wife's solicitor speaking of "an alienation of affections" - he will shrug his shoulders - and go back to killing his eel.

"I do not have the moral stature, to fish for carp. Many years ago, my brothers and I used to make occasional nocturnal forays to an overgrown meadow where carp lived. They weren't very big but they were very difficult to catch - or, more likely, we were very inept carp fishermen. The last time we went there, we used floating bread-crumbs and caught both members of a resident pair of tame geese (both released unharmed) - but no fish."

Were I to fish successfully for big carp, I should not dream of telling where I did it. Fantastic secrecy surrounds such places, and ludicrous plots are adopted to maintain it. Some time ago, a man who caught a big carp disclosed a false location for his triumph to the angling press. The result was a stampede to some carpless hole, and much bitterness.

On a chosen carp waters, the fish are cherished like Arab thoroughbreds. The initials give them names ("Lucky" or "Freddie") and they are caught and released over and over again. An angler who knocked one on the head and sent it to a taxidermist would invite lynching.

To the unfortunate multitude who know nothing of fishing, a specimen carp would doubtless appear slimy, clammy, gross and useless. Myself? Although temperamentally unfit to fish for them, I still love them. I side with Isaac Walton (and I'm sure Kevin Maddocks would concur): "She is the queen of rivers, a stately, good and very subtle fish."

FEW grandmasters have had such an unsympathetic press from later generations as Wilhelm Steinitz, first champion of the world from 1886 to 1894. Steinitz became the No. 1 officially only at age 50, was crushed twice by the much younger Lasker in the mid-1890s, suffered from heart-disease and a chronic knee injury, and died destitute. Thus, he is depicted often as just an irritable, cranky and quarrelsome man who stayed on the scene too long.

In the context of his full career, Steinitz emerges as an articulate, original thinker. He was a fearless competitor, who never dodged dangerous rivals and overcame personal handicaps. Unlike several later champions who came from well-off backgrounds, Steinitz was the youngest of a large Jewish family. He abandoned

his first career as a journalist and fought his own corner as a chess professional. He was already de facto world champion by 1866 when he defeated Andersson, and confirmed his status with tournament and match victories over major rivals. Despite these excellent results, Steinitz became dissatisfied with his play, resolved to change his style and, within a few months, switched from a tactician to a deep strategist.

His innovative concepts, explained in a lucid column in *The Field*, included the avoidance of holes caused by doubled and isolated pawns, accumulating small advantages on any part of the board, and using the resilient defensive

Chess

potential of cramped positions. What brought him down finally against Lasker was a combination of age, ill-health, and stubborn reliance on dubious opening systems. Lasker said later that the thinker was beaten by the player, but this comment rather belittles Steinitz's playing success. From 1882 to 1894, he won 24 matches in a row, a record which no other player has approached.

Play over a selection of Steinitz wins and you will find some of them surprisingly modern, as in this week's game where he anticipates strategy which became fashionable 100 years later.

White: W. Steinitz. Black: J. H. Blackburne. Ruy Lopez (London 1876).

1 P-K4, P-K4; 2 N-KB3, N-QB3; 3 B-N5, P-QB3; 4 B-E4, N-B3; 5 P-Q3, P-Q3; 6 P-B3, B-K2.

White has already announced his strategy as a closed centre and the knight manoeuvre QN-Q2-B1-E3-B5, so P-KN3 and B-N2 could be a better plan.

7 P-KN3, O-O; 8 Q-K2, N-K1; 9 P-KN4!

This allows the exchange of his defensive bishop, but 13 ... P-N3; 14 N-Q5, B-N1; 15 P-B3, P-KB4; 16 P-F2, P-F2; 17 B-B6 and O-O-O also gives White a strong attack.

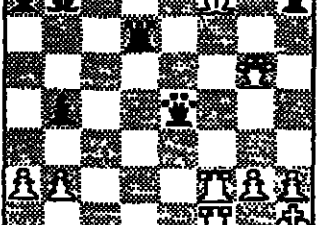
14 N-B5, P-N3; 15 N-B3, QxN; 16 B-K3, N(N)-N2; 17 O-O-O, P-QB4; 18 P-Q4. Opening up the centre for White's bishop pair, and starting an attack against the dark squares round Black's king.

The winning breakthrough. If P-F2; 25 N-F1, N-K1; 26 KR-N1, N-N4; 27 N-F1! 24 P-B4; 25 B-B6, Q-B2; 26 P-F2, P-F2; 27 P-N6! QxN-F2; 28 BxN, QxQ.

If QxQ; 29 R-N1 wins the queen, so Black could resign already. 29 BxQ, B-B3; 30 KR-N1 ch, B-N3; 31 BxP, K-B2; 32 BxR ch, PxB; 33 N-N5 ch, K-N1; 34 KR-K1, Resigns.

PROBLEM No. 785

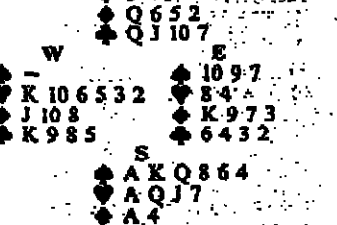
Max Euwe v. Sir George Thomas, Hastings 1935. White (to move) is a pawn up; but



BLACK 8 MEN  
WHITE 9 MEN  
What really counts is that both players have lurking back row and long diagonal threats. How should the game go? Solution Page XV

Bridge

MY FIRST hand today comes from a pairs event which I managed on a cruise ship a few years ago:



South dealt with both sides vulnerable and opened with two clubs. His partner answered with two diamonds, so denying the value for a positive response; but when South re-bid two spades, he raised him to four spades.

Without more ado, South jumped to six spades and all passed. Every North-South pair bid the little slam but most Souths failed to make the contract.

Bridge

The opening lead chosen by West was the diamond knave, dummy played the queen. East covered and the ace won. The declarer cashed his ace of hearts, ruffed the seven on the table, crossed to his ace of clubs and led the heart queen.

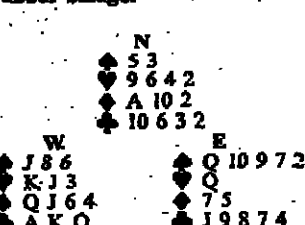
If West covers, South can ruff with dummy's knave of spades and make the slam. West, however, played low and dummy ruffed with the spade three. East overruffed and the diamond return defeated the contract.

The winning line, which I demonstrated later to the players, is quite simple but, at the same time, very satisfying. After taking the opening lead, declarer should cash ace and king of spades, then the ace of clubs, cross to the spade knave and return the club queen on which he throws his losing diamond. West wins and leads another

Bridge

diamond. South ruffs, cashes his ace of hearts, ruffs a heart in dummy and discards his two other hearts on the 10 and knave of clubs.

The second hand occurred at rubber bridge:



South dealt at love-all and started with one heart. West doubled. North raised to two hearts (which does not mean much), East came in with two

Bridge

spades. South went to four hearts (which surely was optimistic) and West's double for penalties brought the auction to a close.

West opened with the ace of clubs and followed with the king, which was ruffed in hand. Cashing his two spade honours, the declarer ruffed his third spade in dummy and ruffed the queen on his left.

He now played the heart ace, dropping East's queen - that was a relief - and started to count the hand. West seemed to have a 3-3-4 hand pattern so South led a diamond. West put up the knave and the ace won. The 10 of clubs was returned and ruffed with the eight of hearts.

West overruffed - if he discards, it makes no difference - and cashed his king. Now, he had to lead away from his diamond queen into declarer's split tenace and the contract was made. Played excellently!

E. P. C. Cotter

Leonard Barden

MOTOR CARS

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**T**O THE Duke of Westminster, president of the Game Conservancy, the red grouse, "king of gamebirds, provides the most testing and exciting form of shooting." Last year saw one of the greatest grouse-shooting seasons for 50 years, which is why the prospects are so patchy this year, for good grouse years are often followed by crashes.

Many days' shooting on grouse moors in the north of England have already been cancelled, and shooting parties have turned desperately to estates in Scotland, where prospects are more promising.

One of the problems this year is strongylosis, caused by a worm parasite, which can have a disastrous effect. Dr Peter Hudson, head of the Game Conservancy's upland research unit, says: "The overall effect on some grouse populations - notably in the northern Dales - has been so large that it can cause a 95 per cent fall in the number of grouse available for shooting."

However, long before they are old enough to fly over the hills today, grouse are faced with a variety of other hazards. The most serious is the loss of heather, as a result of afforestation or over-grazing by sheep, cattle and deer.



A closing date of August 24 has been set by Bidwells for best offers over £2.5m for the 3,546-acre Pluscarden estate near Elgin, Morayshire, where 1,200 pheasant and partridge are being reared for the coming season

**High cost of the glorious 12th**

Grouse moors and sporting estates are holding their prices well, says Michael Hanson

Elsewhere, however, the loss of heather has caused a decline in grouse numbers. This is why organisations such as Savills, the estate agents, and the Sir Joseph Nickerson Heather Foundation are sponsoring the Game Conservancy's grouse research project.

At 32,000-acres, Gummerdale estate in North Yorkshire. For the past three seasons, the 1,800-acre Hall Moor in Swaledale has been ring fenced and divided into six test areas to discover the best management techniques for heather restoration, in order to maximise grouse numbers.

Despite these setbacks, there is no lack of demand for good sporting estates, though the best change hands privately. Savills sold the 3,000-acre Egglestone Moor in Teesdale, North Yorkshire, for more than £2.5m; and the 50,000-acre Mar Lodge estate near Balmoral in Scotland was bought by Aberdeen businessman John Kluge,

head of Metromedia, for £7m.

Now the Rothsay Trust, a wholly-owned subsidiary of David Hardy's Globe Investment Trust, has paid more than £3m for the 14,000-acre Skibo Castle estate in Sutherland. Bought in 1898 by Andrew Carnegie, it was owned by the family trust until 1982, when it was bought (with 19,000 acres) by Derek Holt for over £2m. He instructed Finlayson Hughes to sell it earlier this summer without any publicity.

John Bond, a partner in the Inverness office of Finlayson Hughes, which has also sold a 300-acre moor without a word of publicity, explains: "Provided the right people are supplied with the right information, it can be possible for even the largest properties to be sold entirely privately."

Angus Crow, a partner in the Edinburgh office of John Clegg and Co, which has just sold Edmund Vestey's 21,000-acre

North Lochinver estate in western Sutherland for well over £750,000, expects offers of above £200,000 for the Forestry Commission's 2,400-acre Delnabo Moor, west of Tomintoul, in the Grampian Mountains. The moor has not been kept, but it lies between two well-known moors, Inchroy and Dorvack, which have seen good recoveries in grouse stocks in recent years.

Another Scottish estate where the shooting rights have hardly been exercised in recent years is North Abernethy Forest. This is an estate of 1,725 acres in the Upper Spey valley, about ten miles from Aviemore, for which John Clegg expects offers over £1m.

Back in England, the sporting rights over more than 3,000 acres of common land in Northumberland are on the point of being sold by the trustees of Lord Alismole. Wellhope Moor and Heatherburn Moor are outlying parts of the Allen-

and Parker, who probably lets more shooting than anyone else, has pheasant shooting at £1,500 a day per gun for a 100 bird day, plus VAT and his 7.5 per cent commission.

The late Anthony Vandervell, a former chairman of the Game Conservancy, owned one of the best pheasant shoots in England, the 1,427-acre Well Barn estate, near Streatham, Berkshire. This has its own private double valley, and has been run in respect of 200 days' shooting of 400 to 500 birds, with a single keeper, Roger Foden, who releases more than 4,000 pheasants and about 600 French partridges each year.

The estate has been sold privately through Knight Frank and Rutley by the Vandervell family trustees to an unidentified English businessman, who is said to have paid £5m for the privilege of owning a residential, sporting and agricultural

estate only 35 miles from London.

In Scotland, however, the Lochan family trust failed to receive acceptable offers for their Oxman Row estate near Jedburgh by the closing date of July 25. Knight Frank and Rutley are now seeking offers over £300,000 for the estate, where the pheasant shoot extends over 2,210 acres.

A closing date of August 24 has been set by Bidwells for the 3,546-acre Pluscarden estate near Elgin, Morayshire, where 1,200 pheasant and partridge are being reared for this season.

Finally, the Wildfowl Trust has just bought 77 acres of wildfowl land at Welney, Norfolk, known as the Hundred Foot Washes, to add to its existing holdings. Bidwells, the agents, were bidding offers in the region of £150,000 for the property, which attracts over 40,000 wildfowl a year.

estate only 35 miles from London.

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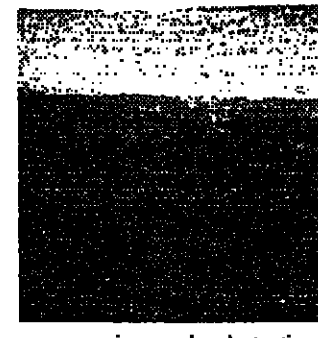


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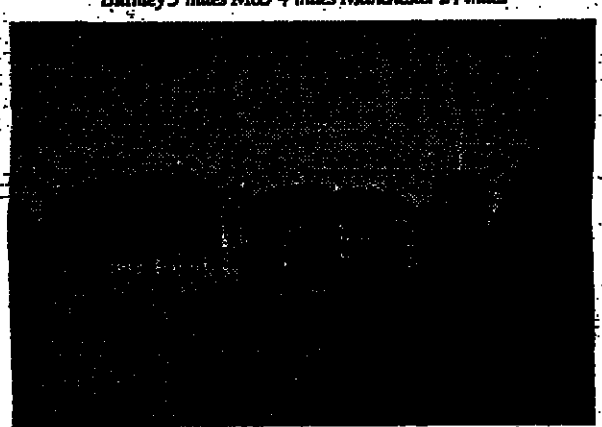
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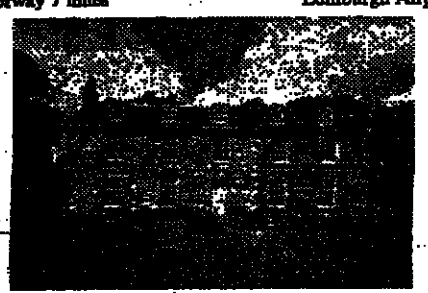


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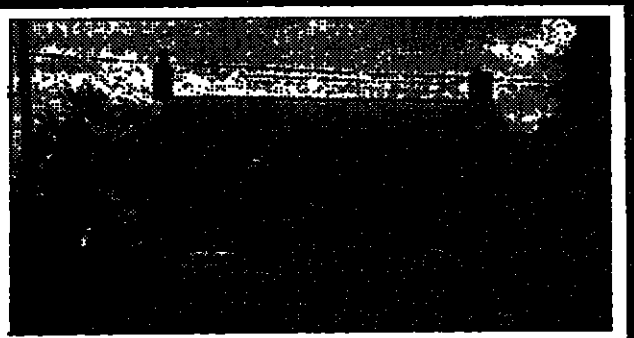
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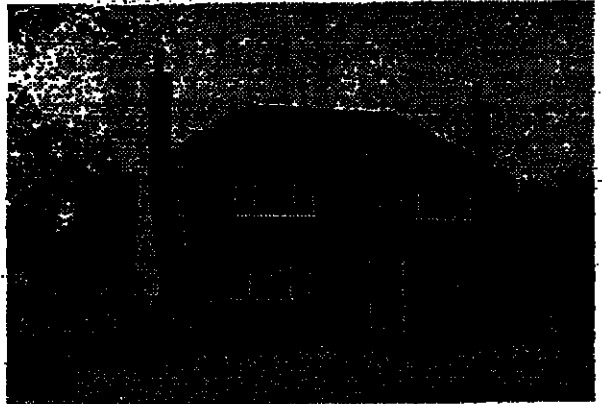
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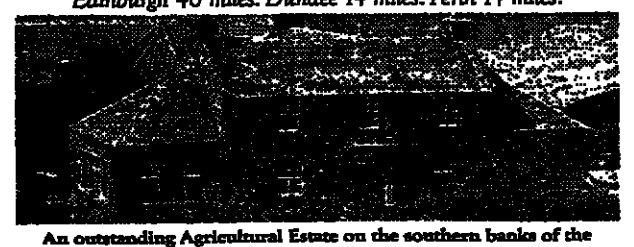
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BOOKS

# Drama when poets grouped together

Anthony Curtis on Auden the playwright

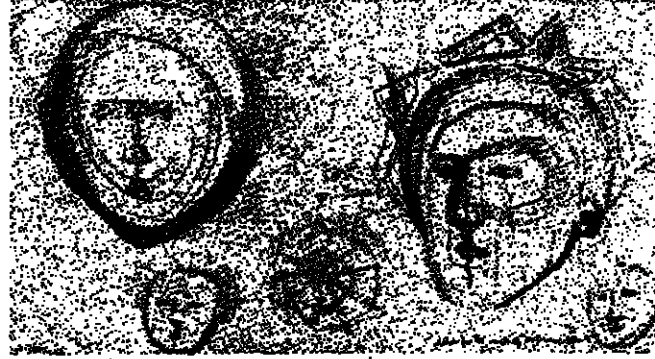
**PLAYS AND OTHER DRAMATIC WRITINGS 1928-1938**  
by W H Auden and Christopher Isherwood  
edited by Edward Mendelson  
Faber & Faber £25.00, 680 pages

The London Theatre Studio run by Michel Saint-Denis whose uncle was Jacques Copeau. Ashley Duke (Marie Ramberg's husband) had acquired the small Mercury Theatre to inaugurate a renaissance of poetic drama without any admixture of politics; he tried to woo Yeats away from Doone.

In spite of all this in-fighting, Doone was still left with a brilliant hand of trumps for his new Group Theatre seasons.

The wealthy actor and impresario, Amner Hall, made the Westminster Theatre available to him. Doone's chief writer was Auden working in collaboration with Christopher Isherwood. They were joined later by Louis MacNeice and Stephen Spender. Doone's choice of Murrill to compose most of the music instead of Auden's choices, Tippett and Britten, then aged 21, seems at this distance of time, unfortunate.

The beneficial effect of Isherwood's revisionary blue-pencil working on Auden's first drafts is shown off at lightning speed in the new edition of their Plays, edited by



Masks sketched by Henry Moore for "The Dance of Death"

the American scholar Edward Mendelson. It is the first volume to appear in what will be the Complete Works of Auden, under the Faber imprint in the UK, but printed initially by the Princeton University Press who have made a fine job of it with a nice cloth binding in burundy for this volume and gilt lettering on the spine.

The volume contains much that has never been published before, let alone produced; it gives the texts of the poems Auden wrote for the films made or mooted by the GPO Film Unit and the Group Theatre's own Film Group, *Coal Face*, *Night Mail*, *Negroes*, *The Way to the Sea*, *Londoners*.

It also has a number of appendices containing manifestoes and lectures which Auden gave on the drama, and an essay on the Group Theatre by Michael Sidnell to whose book

mine, a reformatory school, and a young man in disguise as a dog Auden was dissatisfied with it as soon as he had finished it. He sent it via Spender to Isherwood, then in Copenhagen, who suggested slashing everything except the canine disguise motif and a complete re-write.

The result was *The Dog Beneath the Skin* given at the Westminster Theatre, directed by Doone, in 1938. Though the reviews were not universally ecstatic it suggested, with its eloquent state-of-the-nation choruses by Auden, and its depiction of rural life, that the Group was capable of something more substantial than mere Berlin-style cabaret theatre; it is the best of the Group Theatre plays and the one which our present National Theatre should revive.

The later full-length plays were even more ambitious, but their pristine topicality has tarnished to dullness: *P6* which was done on radio fairly recently with Britten's music, rejected by Doone, does not stand up at all well in our post-Frendian era; nor in a world dominated since then by real, divisive frontiers, does *On The Frontier* make its original impact. There remains, however, much to enjoy in both texts and they offer the biographically-minded reader some clearly spelt-out reasons for the rejection of England by the two authors. A year after completing their last play both of them left these shores for good for the United States.

By 1939 the great epoch of the Group Theatre was over, though it continued to do intermittent productions and did not finally expire until 1956. Doone stepped down from the public stage to become full-time what, among his other avocations, he always had been, an inspired teacher; he was appointed director of the Theatre School at Morley College.

IN NOVEMBER 1934 T.S. Eliot's *Sweeney Agonistes* received its first performance in an upstairs room at 9 Great Newport Street near Leicester Square. The production was by the Group Theatre (nothing to do with the American Group Theatre formed around the same time) the director was a ballet-dancer named Rupert Doone, the masks were by Robert Medley.

Eliot had been rather chary of Doone as a director. He had at first liked and then loathed the Group Theatre production of Auden's *The Dance of Death*, written with Doone in mind to dance the main part, the previous year. In the event Eliot was more than pleased with *Sweeney*, while among the audience were two more poets who had started to write for the stage and who were similarly impressed by the production: one was W.B. Yeats, the other Bertolt Brecht.

For one fortunate (time) moment it looked as if the Group Theatre with Doone as its director, Medley as its designer and Herbert Murrill as its composer would become the venue for new plays by Yeats, Eliot, Auden and Brecht; but it did not quite work out like that.

A few months before, Eliot had been asked by E. Martin Browne, a director with a strong commitment to religious drama, to write some scenes and choruses for a pageant-play about the building of a church, *The Rock*, and he had also received the commission from the Canterbury Festival that prompted him to write *Murder in the Cathedral*. It was Browne not Doone who was to become Eliot's theatrical mentor for his entire career as a dramatist.

# Social browse through the Impressionists

IMPRESSIONISM MAY constantly change its shape in our view, as scholars and critics pull that infinitely flexible and no less seductive corpus now this way, now that, but its appeal remains quite undiminished. And quite what Impressionism is, or was, remains as various, ambiguous and fascinating a question as ever.

The proper study of painting is, before anything else, the study of what the artist does, alone, on the surface of the canvas, as much for the marks he makes and the process and quality of the making, as for the imagery, reference and apparent preoccupation. But these are difficult, practical and imponderable considerations, hard to pin down in essay or seminar, and Professor Herbert of Yale will not be the last scholar to choose rather to commit himself to something more tangible.

We live in a material and, for most of us, comfortable age and Paris of the later 19th century, in all its hedonism and amorality, speaks to us directly. It is far enough to examine Parisian Society of the Second Empire and the Third Republic that followed, through the medium of the art of the great painters of the time, principally Manet, Renoir and Degas. But we should be clear what kind of examination it is.

Herbert's study is densely fascinating and informative, and as handsomely produced and copiously illustrated as we

**IMPRESSIONISM: ART, LEISURE AND PARISIAN SOCIETY**  
by Robert L. Herbert  
Yale U.P. £20.95, 324 pages, 311 plates

would expect of any Yale publication. It is in many ways a splendid guide book and social history, but it is neither art history nor criticism, and in its sociology it is tendentious, earnest and sadly unsceptical of the current orthodoxies of feminist interpretation.

The Professor is free of course to write as much social history as he likes, but we can only hope that the art history schools of the great universities are not to be taken over by sociologists. I wish too that he would write with a lighter touch, or is it that insistently American usage grates only on English ears? "I am sensitive," he says in his preface, "to feminists' objections to the eternal 'he' when referring to a genderless person... I therefore introduce 'she' instead of 'he' from time to time, to alert the reader to the need to avoid taking the masculine as normative." Oh dear.

But it is as easy as it is tedious to be so tedious. The more serious objection is to the over-literal reading of too many images made by artists; for other reasons than



Degas' portrait of Mary Cassatt, c.1884

high-minded social comment, artists manipulating a formal relationship for practical pictorial effect. And there is the intrusive reading that colours the text throughout, to its disadvantage.

In making the nice point, for example, that Mary Cassatt's "Woman in Black at the

Opera", in contrast to images of such women painted by men, is actively viewing the company herself through her opera glasses, he notices that "a boorish man in the distance leans out of his box to point his glasses in the viewer's direction." But that figure is only roughly indicated, and had he been described in perfect detail, would it still be "boorish" to do what we all would do ourselves in that idle moment of waiting for the show to begin? Professor Herbert has written an irritating, fascinating book.

**William Packer**

# Dark horse in the desert

PAUL BOWLES is the dark horse of American literature, a writer who has abandoned certain fame in New York literary circles for exile in North Africa. His work is widely known yet seldom read; his name vaguely familiar yet never entered on to the list of major American authors. Even close reading of his work, including his just-the-facts autobiography *Without Stopping*, yields little sense of one of our era's most talented writers. Christopher Sawyer-Lancanno's excellent biography does much to remedy this situation, creating a vivid portrait of a writer whose life has been an exemplary quest for creative integrity.

Bowles was born in New York in 1910 into a somewhat less than idyllic family situation - his father, a dentist who had wanted to be a concert violinist, seems to have tried to kill the infant Bowles. Not surprisingly, Bowles led an unhappy childhood under his father's tyrannical reign. The sensitive boy responded by withdrawing into a fantasy world, writing epic poems about drug addiction and adultery before reaching the age of ten.

Such precocity continued through his teens, causing Bowles to become known in New York as a poet and composer to watch. At eighteen he managed to publish some poetry in the avant-garde journal *Transition*, alongside Joyce, Evans and Gertrude Stein. At nineteen he embarked for Paris and spent the next few years travelling between Europe and Manhattan, using his good looks, charm and talent to impress many of the leading artists of his time - Stein, Copland, Cocteau, Isherwood (who used Bowles's surname for his most famous creation, Sally Bowles). He also discovered Morocco, a place which was to play a larger and larger role in his life as Bowles became more committed to work than globe-trotting.

Despite his glitzy social life, Bowles created little of enduring merit during the 1930s. He worked primarily as a composer of incidental music, teaming up with Dall, Tennessee Williams and Orson Welles. He also married Jane Amer, an unbalanced lesbian who was to remain tortuously bound to Bowles until her death 35 years later. It seems an unlikely union, yet Sawyer-Lancanno's rigorous documentation of their marriage shows that Jane was looking for an emotional anchor, while Bowles, who appears to possess an aversion

to sexual contact, wanted the detached intimacy a lesbian wife could provide. By 1945, Bowles had become unhappy with composing and began to return to the mode of expression he had used to escape his father - writing. Success came quickly. Not surprisingly, the setting for most of his fiction of this period was North Africa, a region which had begun to dominate his life. He bought a house in Tangier and began work on a novel, *The Sheltering Sky*, published in 1949. The book was to become both a critical success and a bestseller, placing Bowles at the front rank of his literary generation. Yet he refused to parlay this success into celebrity, remaining instead in Morocco, writing novels and short stories which dealt with disastrous attempts by Westerners to confront strange cultures.

The enigmatic, marijuana-smoking writer of often shocking fiction soon became an icon of sorts for the Beats, attracting visits by the likes of Ginsberg and Burroughs. Regardless of this notoriety, Bowles continued to focus his considerable talents on the desert, soon writing stories with Western characters, compiling audio archives of Moroccan folk music, translating tales by native writers. Jane's troubled sexual and mental life further contributed to Bowles's withdrawal and Beckett-like search for meaning. Her death in an asylum was, for Bowles, the end of "the good years."

Since the 1960s Bowles's transition from best-selling novelist into an eccentric cult figure has become complete. As Sawyer-Lancanno points out "The American expatriate as an interesting character, in life or in art, melted so well by the 'lost generation' of the 1930s, was no longer in vogue." The current preoccupation of American writers and readers with their own culture has marginalised Bowles, who continues to live in Morocco. It is fitting and somewhat heroic that the boy who opposed his

# Government observed

domineering father by withdrawing to his bedroom to create, should grow into the man who rejects fame in a shallow and decadent culture by writing in and of the desert.

Sawyer-Lancanno has done an admirable job in exploring the complexity of this remarkable man. He is not overawed by the spectacular success of the young Bowles, making it clear that good looks and charm were as much at work as raw talent. He also treats Bowles's stormy marriage with detached precision, refusing the temptation to cast blame for their quarrels and Jane's eventual demise.

# Hapless young men on the loose

PENGUIN is bringing out a series of first editions in paperback, fiction by new and youngish authors. The aim, I imagine, is to bring writers like John Connelly and Simon Nye more quickly to their natural audience, the equally young, eager readers who cannot afford or will not invest in a hardback. A sensible idea in the short term, but I hope this is not the beginning of the end for the more durable hardback.

A cheap dumpy little paperback seems the appropriate medium for the economically hapless heroes of John Connelly's *Man's Work*. He writes in a staccato present tense about middle-class failures: college graduates who have become bank tellers and waitresses, the unemployed, the under-employed, those not buoyed up by the material euphoria of America, who have reversed the immigrant's dream. His young men, always on the edge of boredom, cling to fantasies of the perfect but, the immaculate woman, guileless sex. In these stories Connelly reassesses the classic macho American dream of escape from civilising women, from adulthood, from the stultifying middle class, so essential to Twain, Hemingway, Kerouac, and finds there are no longer territorial or sexual frontiers; his heroes, confined by a sense of their mediocrity, have admitted defeat from the start.

Connelly is especially good at the start and thrust of every day conversation, at suggesting a setting - an unemployment office, a university library, a tiny flat - through dialogue with a minimum of description. But the economy of style, the insistent rhythm of his prose, his short sentences, his snappy phrases can become monotonous. I wish he would slow down, perhaps differentiate more between characters, and allow the sadness and anger at the heart of these stories to shine through.

In *Men Behaving Badly*, Simon Nye writes about a similar group of young men in London. This is an engaging first novel about two male roommates, their uneasy comradeship, the woman upstairs they

Fiction

**MAN'S WORK**  
by John Connelly  
Penguin £4.99, 237 pages

**MEN BEHAVING BADLY**  
by Simon Nye  
Penguin £4.99, 218 pages

**THE MARQUESS OF WESTMARCH**  
by Francis Vernon  
Gollancz £12.95, 272 pages

**THE BRUTAL HEART**  
by Stuart Hood  
Carcanet £12.95, 191 pages

both love, the landlady they comfort. Gary and Dermot are sympathetic characters, one a dry, inexpressive stamp-dealer, an only child who hounds his money and emotions; the other an effusive, fast talking department store salesman, a graduate who has held numerous menial jobs.

Simon Nye reveals their affectionate, competitive relationship through amusing jocular dialogue; he is less convincing on the woman, who seems to emerge from male fears and fantasies. But the novel's real weakness is its rambling plot. Perhaps if some of the episodes had been cut and the plot tightened we might hang on the room-mates' words a bit more, rather than wait for them to start their Sunday breakfast.

Francis Vernon sounds like a prodigy. At eighteen she published her first novel, *Privileged Children*, which won the Author's Club First Novel Award. *The Marquis of Westmarch* is her fourth novel and she is only twenty-four. Vernon has set this romance in an imaginary island but its court intrigues and political marriages, its sexual codes and role-playing are familiar. Once we discover the Marquis's interesting secret - because of a mistake by her nurse at birth she has been brought up as a boy - and the clandestine affair with Knight Auriol begins, the novel comes alive. The dialogue sounds less wooden, the actors more com-

prehensible. Though the writing is marred by clichés, and an odd mixture of realistic dialogue and almost campy speeches, we do care what happens to the Marquis; and her confusion over her sexual identity and rebellion against the restrictive roles of women are fascinating.

In *The Brutal Heart*, Stuart Hood confronts two political generations, the old Left and the activists of the 1960s. Alastair is a writer and translator, a lapsed member of the Communist party who feels out of touch with the language and tactics of the student movement. He is very much a loner, estranged from his wife and uncomfortable with his son, an avant garde photographer whose radical friends include a group of German terrorists.

After Alastair becomes involved with one of them, he must confront his own complicity in the murder of a young working-class German boy who tried to leave the group.

Stuart Hood raises familiar but stirring questions about the means and ends of political radicalism, the efficacy of non-violent protest, and the conflict between personal and communal loyalties. But because his characters fail to engage us, the novel's politics, even its tragic deaths seem remote.

Only Alastair emerges a complex interesting figure, a humanist who has never been able to love anyone but his childhood friend; the others, his strident son and dreamy photographer wife, his German terrorist lover whose every utterance is a political platitude, are one dimensional characters who rarely command our respect or sympathy.

Wendy Brandmark

# Summer Crime

**BED OF NAILS**  
by Andrew Puckett  
Collins £10.95, 182 pages

**DEAD SPIT**  
by Janet Edmunds  
Collins £10.95, 176 pages

**UNORTHODOX METHODS**  
by Deborah Valentine  
Gollancz £11.95, 189 pages

**DEAD CRAZY**  
by Nancy Packer  
Collins, £10.95, 276 pages

tension never goes slack. Along the way we learn a lot about dog shows and dog-breeders, but the author is never didactic and the knowledge is never extraneous to the plot.

*Unorthodox Methods* by Deborah Valentine is a good first novel in an unusual setting - the lake Tahoe area

in California - lovingly described. A small community, including some artists, some retired people, some idlers, is afflicted by a series of thefts, then by a murder.

The local cop - as usual, divorced and attractive - unravels the case (and, at least temporarily, solves the matter of his loneliness as well). The prose is no more than serviceable, but the pace is so brisk that the fussy reader will forgive some lapses in syntax.

Head of a Civic Foundation in a small New England city, Jenny Cain - Nancy Packer's likeable, well-established heroine - is approached to support a project involving the mentally ill.

It also involves some potentially valuable real estate in an upwardly mobile (and unreciprocated) neighbourhood. The violence that ensues is naturally blamed on the vulnerable and unstable potential beneficiaries of the Foundation's project.

With some help from her amiable policeman husband, Jenny bravely and cleverly uncovers the real, supposedly sane villain and saves the plan. The story is told with wry humour and with the author's usual sensitivity.

William Weaver

**POLITICS FOR A RATIONAL LEFT**  
by Eric Hobsbawm  
Verso £20.95 (£8.95 paperback)  
250 pages

ERIC HOBSBAWM, born in Alexandria, educated in Vienna, Berlin and London, and now an honorary fellow of King's, Cambridge, has a wide horizon which includes him not so much to see everybody's point of view as to see through it. He here re-prints a series of essays half historical, half political, written from 1975 to 1988, and adds a short and stirring call-to-arms dated January 1989.

From 1945 to 1960 the normal pattern was to restore order; and so by and large were electoral results; until in the 1950s both the News Chronicle and Daily Herald (neither of which Professor Hobsbawm mentions) disappeared and by the 1960s both the press and electoral balance became more uneven than at any time before.

Professor Hobsbawm does mention the Sun; and he might have added that one could perhaps learn more about the mind of the British electorate by reading nothing but the Sun and the News of the World for six months than in any other way.

However that may be, his political message by 1988-89, had become markedly in his own words more "rational." He finds many parts of the Labour Party policy reviews "convincing" as well as "expressed with clarity" and Bryan Gould's contribution "both clear and positive." In his grand 1989 finale he calls - in plain words this time - for the "defeat of Thatcherism," as the "essential task of all British politics" to be achieved by "an electoral agreement between Opposition parties."

Douglas Jay



DIVERSIONS

On Top of Africa: Simon Vail starts a three-part series on climbing there by tackling the biggest peak

Kilimanjaro: more agony than ecstasy

THE ATTORNEY'S nerve faltered at 16,500 ft. He pleaded with William, the guide, to slow the pace. Three of us stood shivering, hunched up against the bitter cold, stealing tiny lungfuls of air. William only smiled, lit a cigarette and said: "Okay, we rest a while."

The paraffin lamp cast a thin circle of light on a black mass of slippery mud and dirt snow. My other companion, nicknamed Conan the Barbarian, said: "No, we must keep moving." He was very cold. He was not wearing enough clothes: his thin jeans and leather jacket were quite unsuitable for sub-zero temperatures and the relentless wind.

Conan was a keep-fit fanatic, an American and proud of it. No way was some tiny little mountain in Africa going to defeat him. His beard and moustache were covered in white ice. He insisted doggedly that the only way he could stay warm was to keep moving. William said: "We go."

Without wasting a moment, he turned and began to move. Conan followed, I came second and the attorney struggled behind. But the scree slope of Kilimanjaro was not to be defeated so easily. Our pace was slow, funeral. We could see very little as it was still 3 am. The African stars looked down mockingly as we lurched and staggered like drunks towards Gilman's Point, 18,700 ft above sea level. The attorney began to cry out in real distress: "Please, oh please, slow down. I want to rest."

William turned and looked at him, raising the flickering light to the attorney's face. He was deathly white, his eyes half-closed, his gloved hands gripping desperately to his mountain stick. "You will wait for an assistant guide," said William. "We three will go on." I never saw the attorney again. The assistant guide helped him another 500 ft but he gave up when his head began to spin and dizziness overcame him. I learnt that he had set off down the mountain, heading for a hot shower and his law practice as fast as possible.

Conan had longer legs than me. I hated those legs. Every

time he took a stride, he would stretch three inches further than me. Slowly, he would draw ahead. I could match his pace step for step but, inexorably, his rear heel would move away from me. I wanted to rest. I was fine but I just wanted to pause and then I would be able to continue. "No," gasped Conan. "I'm cold. We gotta keep moving."

The ground crumbled beneath my feet. The slope had steepened until it felt as if I was crawling up the roof of an ice-covered house. Don't look down, I told myself. You know you have vertigo. If you do, you'll see the long black slope stretching 1,000 ft into nothing - and nothing to stop you

should you miss your footing. Every step was an effort, every breath a wheezing pant. The mountain felt treacherous, unstable, a fluid mass of grit and snow.

We were crawling up this last slope at three in the morning because the scree was meant to be frozen and easier to climb. At least, that is what they said. But it's just not fair. I protested, every step I take, I slide down two. Concentrate. Kick the toes of your boot into the slope. Shift your weight forward. Slip back, struggle, lift the other foot, kick hard and make one step.

Conan was moving ahead again. I couldn't see, didn't want to be left alone in this icy wasteland. We had left the paraffin lamp with the attorney. Now, we had only the one torch between the three of us. It was my torch. Conan, the all-action American complete with bandana, army boots, enormous knife and two water canteens, had no torch. He didn't know you would need one. If it was my torch, I said, then I could set the pace. We argued pathetically.

As we climbed higher and higher, the stars began to fade.

The coldest dawn we had ever experienced was beginning, miles below the 17,000 ft jagged stump of Mawenzi. The torch sizzled. We could follow William's footsteps only by keeping one pace behind him. The air grew colder, the wind stronger. Our chests were bound with steel rings, speech slurred. We climbed in a silence broken only by the sound of gasping breaths and boots crunching snow.

Most tourists make the ascent to Gilman's by a series of traverses, crossing and recrossing the scree in 40-pace zig-zags, but the thick snow that had fallen earlier in the night forced us to make our way up in a painful straight line. The final 300 ft of slope below Gilman's was strewn with boulders covered in black ice. My laboured trudge became a half-crouched scramble. We collapsed at Gilman's in a breathless heap, half-strangled by the thin air.

It was 9 am. We had just climbed for six hours through the night in freezing conditions, the most strenuous exercise I have ever done. Conan was deteriorating fast. Gee, he had not quite expected this. But Africa was at our feet. The sun began to rise, the horizon filling with a band of yellow light. A sea of white cloud lay thousands of feet below us.

Underneath it, and split by the mountain, stretched the Tanzanian plains and Kenya's Amboseli game park. To our left stood an ice cliff that turned from pink to startling white as the sun crept into the sky. Our eyes were dazzled, and we pulled on dark glasses. We were in a strange world of glaciers, ice caves, snow-filled craters and treacherous chasms. This was our reward, after 3 1/2 days of hard walking.

But you cannot say that you have stood at the top of the African continent until you have climbed to the very summit. The highest point, the 19,340 ft Uhuru Peak, is another two-hour stagger round the crater edge. Most people stay at Gilman's. I made one big mistake, removing an outer pair of gloves to take some photographs. My hands froze up and I could not move my fingers. The feeling in my



Simon Vail and his African guide pause for a much-needed breather on Kilimanjaro

fingertips did not return for three weeks. But I wanted that summit.

I swayed in the snow, trying to put on my day-pack. Altitude numbed my brain. My arms would not go where they were told. Conan and the guide had disappeared, heading for the top. Why wouldn't they wait for me? It wasn't fair, I muttered. I was only trying to put on my pack. I followed their footsteps along a snow-covered ledge. This was different. This was much worse. I was scared.

I sank up to my thighs in

freshly-fallen snow. I thrashed at the white powder, slipping on the ice-covered rocks hidden underneath. I was not in control, had lost my rhythm, and the air was pitifully thin. There was no path to follow. But Conan and the guide waited for me, sheltering behind a rock. We set off as a tight group. I would move well, breathing regularly, find a pace and then weaken. Conan would overtake me again. I began to fall behind.

Uhuru Peak was not the only one we had to climb after Gilman's. False summits lay in wait - but it was never this one, always the next. The wind began to blow more strongly, whipping stinging needles into my face. I began to feel very sorry for myself. I wanted a handkerchief, but that was 4,000 ft below. My right eye began to hurt, filling with sun cream and tears. I shouted and grumbled to myself. Conan and the guide too far ahead to hear or care.

I could see that they had stopped by the iron tripod that marked the summit, all 19,340 ft of it. The summit plaque was buried in snow. We took a few photographs, too cold and weak to admire the view. Conan strode off at a great pace. Some buddy, I made very slow progress back to Gilman's. I felt sick. Hot water and comfort were still a day and a half away, and 12,000 ft below.

The descent from Uhuru was a long route march, sliding down the scree slope we had just climbed during the middle of the night, back down to Kibo Hut at 15,000 ft. Here I

rested for a while before descending to Horombo Hut at 12,300 ft. We had climbed from 15,000 ft. up to 19,000 and back to 12,000 in only 14 hours, most of it in the middle of the night. After a night's rest at Horombo, where the air tasted like port wine, we tramped on down across the moorland, and through the rain forest. We passed Mandara Hut at 9,000 ft with a sneer, shrugging off questions from worried would-be mountaineers spending their first anxious night. We'd been there, done that, piece of cake.

I strode towards the Park Gate, grinning smugly. Then I stopped. On the way down, I had forgotten to sign the summit book at Uhuru. It was a long way back. Next time, I would remember to take a pen. How to get there. From Arusha, take a bus to Moshi. A matatu (local taxi) will take you on to Marangu, where you can climb the mountain in style with the Kibo Hotel or the Marangu Hotel. Alternatively, you can arrange for your own porters and guide at the Park Gate.

Park entrance fees and hotel accommodation must be paid for in hard currency. Park fees are \$160 for five days; a hotel climbing trip costs \$250. All kit can be hired. Take a good torch and spare batteries. Make sure you are feeling fit and used to walking. Ideally, you should acclimatise by climbing Mt Kenya (17,000 ft) or Mount Meru (15,000 ft) as preparation. Medical facilities are basic: there is no helicopter ambulance to whisk you off the mountain.

Let's hear it for greenery

Robin Lane Fox puts a case for plain and simple trees

THE SUMMER has now become tough, but a tough year can help gardeners see clearly. Young trees are looking troubled. They are dropping their leaves in self-defence, some are changing colour much too soon; anything which was planted earlier this year is likely to be a skeleton. Strong sunlight also shows up dull performers: it suggests that we neglect the simple yrtrees and are much too quick to plant fancy varieties.

Fancy tree varieties have had a wonderful run (since the mid-1960s. It has been the age of silver-leaved weeping pears, yellow-edged types of maple, purple-leaved prunus, golden robinias, and poplars with pink and white splashes all over them. At its worst, it has been the era of one of each, a yellow, a grey and a purple, crammed into a front garden.

Our tree-planting in gardens will look none too creditable by the end of the century. All those leylandii cypresses will have grown too big and the fancy trees will be overpowering. Trees are not better because they are freaks. Why can we not all rally. To the virtues of plain, sturdy green leaves? This hot summer ought to have convinced us to make a stand. Who wants a purple-leaved prunus in strong sunlight, or a yellow-splashed acer which is turning brown at the edges? Even the good old white-blossoms look decidedly less silver after two hot months of summer.

Strong sunlight reminds us all about shade and reflection. They are crucial elements in a garden's design, and thoughts for them have caused a new demand for arches, pergolas and hoops of black plastic which we are all hoping to turn into a shaded tunnel of greenery. Do we need to extend these thoughts to the leaves of the trees we choose?

Two years ago, I planted an erratic row of alders and a large number of non-fruiting pears. They are not trees that attract attention from writers: alders lend as if they belong in bogs and peats, surely, are for fruit. In fact, they look much smarter than the experimental greys or yellows, let alone the trees with finely-cut leaves, most of which look a drooping mess in the heat. Together, they have refuted some old wives' tales. They are a plain, unfussy green and I would like to encourage a taste for them.

My trees have yet to produce long catkins and seem to turn black at their tips before opening; otherwise, they have been extremely obliging. Alnus cordata is offered in the big nursery lists including Notcutts of Woodbridge and Hilliers of Winchester. It can claim to be the ultimate "green" tree. It is not just that its leaves are so glossy: its roots give off traces of nitrogen into the soil, as if they are creating their own dash of fertilizer. The Italian alder is a model member of the European Community and it does not throw its weight around.

I have seen clipped walks of it in the grounds of north Italian villas, but it is not a wide or heavily-shading tree. It grows quickly to a height of 30 ft and remains upright so that it does not spoil a smallish garden. Among fancy foliage, alnus cordata is a real star. It is the form of green-leaved pear which is planted much too seldom. Pear trees used to mean fruit, wasps and drooping yellow-green leaves until gardeners fastened on to "silver weeping pears" and planted them as specimen trees in every self-respecting lawn.

Pictures of the lovely silver pear in Sissinghurst's famous "white garden" helped the fashion, and there was little interest in the rest of the family as a green-glossy tree, pyrene shades found few takers. In fact, it is splendid, quite the best tree-leaf I have found for years and admirably untroubled by drought or frost.

Like the alder, its shape is conveniently upright. It does not fruit, but in April it covers itself with white flowers. This crazy winter produced them in January. The young leaves are slightly yellow, but the tree's merit is that it improves as the summer deteriorates. By August, its leaves are a gleaming green which reflects the hard sunlight as if summer was just beginning. Pyrene shades found few takers, when the leaves turn to a ruby-purple as if it had been forced on port. Usually, the trees would be bare until March, but last winter brought them back into leaf by Christmas, since when they have amazed us all by keeping their freshness.

Green and grey makes "sound botanical and aesthetic sense. The gloss helps a leaf not to lose water in a hot summer; it also pleases the eye by encouraging the play of light. Sometimes, a young chandelier might drop its leaves and show signs of temporary light. It passes, in my experience, and the trouble does not recur. It is a vertical tree which does not cast a wide shade and can be arranged in a small walk or set along a boundary wall. Like several pillars of the English garden, it was actually bred in America. Seeing it now, I forget that this year has been something other than dry. It is so much more restful to have a plain outlook on which light dances. It is time we remembered the old wisdom that green in a garden is an important colour, too.

Plants can get sunstroke, too

Arthur Hellyer sees how his garden copes with a hot English summer

IT HAS BEEN fascinating to see the very different effect of southern England's hot and sunny summer weather on a variety of plants. Most roses have enjoyed it, a reflection no doubt of the strong Middle Eastern influence in the pedigree of garden varieties. Their wild ancestors had adapted themselves over many millennia to hot, dry summers, and the ability to survive such conditions remains apparent in the increasingly complex hybrids we cultivate today.

By contrast, hydrangeas have hated the weather, their leaves flagging in the heat and their great heads of bloom only half their normal size. But, as usual, camellias have been little affected, something that always surprises me since you would imagine that their dense covering of evergreen leaves would require a great deal of moisture. Clearly, this is not so, and I assume they have some mechanism to reduce water loss - perhaps the waxy sheen which makes the leaves so attractive but reduces evaporation.

Rhododendrons have no such aids although they do not depend on moisture quite so much as hydrangeas. Nevertheless, I have had a lot of unhappy-looking bushes in the garden this summer, particularly among the younger plants. On the credit side,

though, most do seem to have found sufficient energy to produce plenty of flower buds for next year's display.

In general, herbaceous plants have suffered but there have been notable exceptions, including the day lilies and the whole range of plants that I still think of loosely as montbretias (although crocosmia is the name under which most of them appear in nursery catalogues now). Obviously, all love the sun and warmth and both old and new varieties have been among the brightest plants in my garden (as well as in many that I have visited).

Most interesting of all has been the reaction of summer bedding plants and annuals. This has been a super year for petunias, which have continued to grow and flower no matter how dry the soil or hot the sunshine. Verbenas also have been an outstanding success and there are some very good new varieties to enjoy the weather.



and one that did this very successfully for me last winter was lilac-like Polaris. It is, in fact, much more effective this summer than in 1988 and makes attractive and undemanding ground cover beneath the roses.

impatiens around in my woodland garden; not just white varieties but pinks, reds, purples and all the other colours now available. No doubt this will horrify purists ("What? African plants in an English woodland?"). And, intellectually, the criticism is irrefutable although, aesthetically, it seems to have little validity. But what is important to my present theme is that the plants have flowered well in the shade whereas production of flower buds has been inhibited greatly, but in the full sun. I am told that, in some hot parts of the US, impatiens is useless for this same reason.

All the lavatras, annual and perennial, have done well this summer and I keep finding new varieties that seem worth planting. One, named Shorty, looks just like the familiar lavatera oblia Rosea but is only about half its height - 3ft against 5-6 ft - while another, named Peppermint, has white flowers with a green centre. Rosemary. Very started rather more than she imagined when, in a cottage garden, she discovered a pale pink lavatera with a draker centre, named it Bursley (after her own house in Gloucestershire) and launched it on a receptive world. Now, the search is on for other previously unnoticed variations of this old-fashioned, long-flowering shrub.

Advertisement for Corum watches. It features a large image of a Corum watch with a metal link bracelet and a round face. The text includes: 'The Corum Trophy. Based on the ship's clock designed in the 18th century by the famous French royal naval watchmaker Ferdinand Berthoud (1727-1807). A Fellow of the Royal Society, London.' Below the watch image is the 'CORUM SUISSE' logo. The main text reads: 'Corum congratulates the skippers and crews of the UNITED KINGDOM yachts «JAMARELLA», «JUNO IV» and «INDULGENCE VII» the winners of the Corum trophy - the second regatta in the famous international Mumm Admiral's Cup race 89.' At the bottom, it says: 'Admiral's Cup. A registered model with enamelled nautical pennants marking the hours, water-resistant, in solid gold or steel/gold, for men and women. For further information or for a brochure, write to Corum, 2301 La Chaux-de-Fonds, Switzerland.'

Handwritten text at the bottom of the page, possibly a signature or date, appearing to read 'JUL 15 89'.



HOW TO SPEND IT

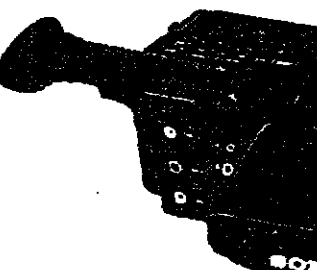
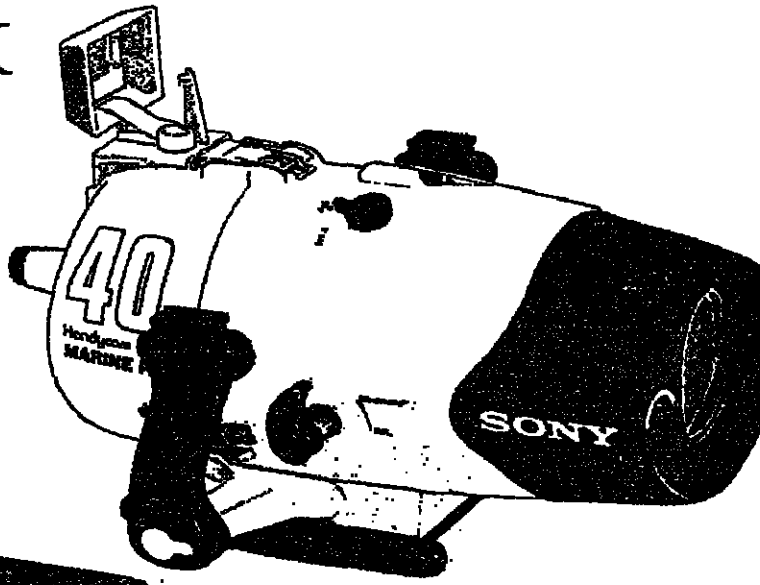
Peter Knight picks out some accident-proof gadgets which can help ensure a happy holiday

In search of a lucky break

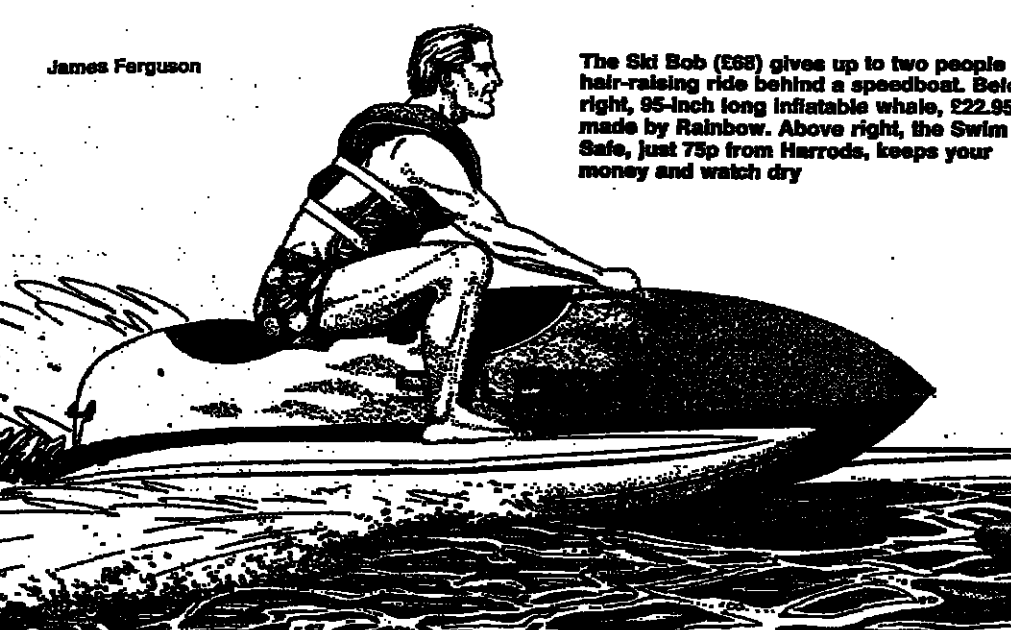
IF THE FAMILY insists on (oops) dropping the binoculars and kicking sand in the camera, there are two ways of ensuring a happy holiday: buy cheap or buy tough. When £15 worth of Hammett binoculars shatters on an Etruscan paving stone, it can be replaced without too much anguish. But if you prefer a more polished lens, it is best to go for something tough enough to survive a mountain fall - and that is the Austrian-built Habicht from Swarovski Optik. At £490, the glasses are expensive; but they are really rugged, totally waterproof, and ideal for rough walls, stormy sailing or slippery fingers. Alternatively, the Japanese-made Acquisat 7x42 (at £259) is designed to do as its name implies and can be scooped from the water if dropped overboard. Both models come in yellow and are capped in black. Most portable holiday necessities such as cameras, video recorders and tape-players are available in "splash-proof" versions. Some are a little tougher than others but these "sports" models resist the occasional bump and splash reasonably well. However, you have to be yellow because that is the colour used by most manufacturers to identify their rugged ranges. Minolta's Weathermatic 35DL (£189.95) is a twin lens (press a button for close-up or wide-angle) 35mm compact camera designed to take snaps in all weathers and which should survive a plunge into the swimming pool. Canon builds a model to go a bit deeper. It comes with various gadgets for use by snorkelers

and scuba divers. Sony offers a large "Sports" range ideal for the beach or pool. The Walkman WM852 (£49.95) gives the expected Sony sound quality from the safety of its water- and sand-proof casing. It also has a built-in solar-powered stop-watch for those clever enough to know what to do with it. A more expensive version includes a radio, and an even more costly model is powered entirely by the sun. There are also separate waterproof "active" speakers (taking batteries) for £50. These are plugged into the personal stereo to make its reproduction more public - a practice that should be discouraged. The Handycam Sports, Sony's 8mm video recorder, is encased in yellow plastic and the mainly-black controls are rubberised to stop dust and water seeping into the electronics. This version costs £2,000 and has to stay above water. But if you are keen to be submerged, the company offers an £800 underwater camera for its conventional camcorders. Once encased in what Sony calls its Marine Pack, the camera can be used for underwater filming. If the price of keeping grit and water away from your possessions seems somewhat excessive, there are some low-tech methods that are just as effective. The Aquaman personal stereo cover (£12.95) is a glorified plastic bag designed to protect the Walkman from the elements. Similar bags are made to keep your valuables on your person while swimming. The cheapest and most effective is

the Swim Safe (75p at Harrods), a hard plastic cylinder that hangs around your neck and is big enough to take a non-waterproof watch and your ice-cream money. All these devices are sufficiently compact to take on a plane, as are some more ingenious inflatable toys suitable for children and the less grown-up adults. The Ski Bob (£68) is designed to give two people a scary time while being dragged behind a speed boat. When deflated it could, at a pinch, slip under a plane seat, as can the 95-inch long inflatable replica of a blue whale (£22.95) made by Rainbow. For those who don't like the water and can never find a tennis partner, Ken Rosewall has designed a tennis trainer that is cheap (£5.95) and small enough to fit in a corner of your Samsonite. This is made of a hollow plastic base which you fill with sand or water. Connected to this is a tennis ball on a long strand of building elastic. You have to find a lawn or space roughly the length of a court and then you hit the ball, which soon returns at a height ideal for practising your basic ground strokes. And if you are planning a long journey by car or much-delayed planes, the £1.99 inflatable travel cushion that fits snugly around your neck is essential. It might not look chic - but neither will you after a night at the airport without it. All goods are widely available: London stockists include Harrods and Lilleywhites. Lucia van der Post is on holiday.



Top, Sony's Marine Pack underwater housing for video cameras costs £800 and enables you to film underwater. Middle, the Handycam Sports 8mm video recorder by Sony is not waterproof but is proofed against sand and dust, £2,000. Right, the Japanese-made Acquisat 7x42 binoculars do just what their name implies. £259



James Ferguson

The Ski Bob (£68) gives up to two people a hair-raising ride behind a speedboat. Below right, 95-inch long inflatable whale, £22.95, made by Rainbow. Above right, the Swim Safe, just 75p from Harrods, keeps your money and watch dry

Cookery. Is there life after butter?

IN DAYS gone by, the boiled and buttered routine was the usual way to serve vegetables in Britain. Whichever beans, carrots or whatever were bubbling on the stove, the cook would reach out one hand for the colander and the other, just as automatically, for the butter. Old reflex actions die hard, although there is no denying that the ritual anointing of vegetables with butter is delicious. However, concern about cholesterol is encouraging many of us to curb our buttering instincts. So, is there life after butter? What are the options? Margarines, butter substitutes and low-fat spreads were invented for those who may care for their health but not for good eating. No self-respecting gourmand would dream of letting them anywhere near a vegetable. Oils are the thing to go for if you crave a flavour-some lubricant. Sunflower, safflower, soya, olive, walnut, hazel and sesame oils all are, virtuously low in saturated, fatty acids, so they make good choices if you are counting your cholesterol intake (although they won't help much if you are counting calories, too). The last four are, however, so well-flavoured that just a few drops are enough to give vegetables an appetising gloss and to season them deliciously. Some cooks have taken things a step further. Instead of dressing vegetables with oils extracted from nuts and seeds, they use the nuts and seeds themselves - a fine way to keep fat levels low and to add extra crunch. Once you have tasted green beans (runner, French, helga, hobby, flat beans or whatever else the trade cares to call them) garnished generously with toasted hazel nuts, I am prepared to bet that you won't waste too much time plucking the butter. Broccoli and almonds are a classic twosome. Also to be recommended are crushed walnuts scattered over the first of the new season's leeks, steamed lightly. Try baby beet-roots rolled in sesame seeds, grilled red peppers sprinkled with pistachios, and spinach with pine nuts. Sometimes, I mix a little pine-head (coarse) oatmeal with the nuts or seeds, a frugal and tasty Scottish trick now lauded by nutritionists who rate oats as a valuable form of preventative medicine - a rich source of a soluble fibre called beta-glucan which can help to reduce levels of cholesterol and sugar in the blood. From an eating point of view, the important thing about nuts and oatmeal is to toast them to intensify their nutty sweetness. Use a dry frying pan or cook them under the grill or in the oven. But watch them like a hawk or you'll end up with burnt offerings. Another agreeably nutty effect can be achieved by finishing vegetables with a mustard-seed glaze. Use black mustard seeds, which can be bought from Oriental and health food shops and some delicatessens. Put one heaped tablespoon of them into a hot pan just sizzled with oil. After a few seconds, when the seeds begin to pop, tip the contents of the pan over 1 lb or so of cooked vegetables and toss to

Philippa Davenport

Food for Thought Pass the proper pâté

THE PHRASE "I do like your pâté" used to be the standard part-down in French households when you wanted to draw attention to the poor quality of the foie gras. As every gastronomically literate French man or woman knows, foie gras is not pâté but the whole or reconstructed liver of a fattened goose or duck, and pâté de foie gras is made largely of pork. Pâté de foie gras has earned itself a bad name since its invention late in the 18th century. The probable creator of the dish was an Alsatian chef, Jean-Pierre Clause, who was the cordon-bleu to the Marechal Marquis de Contades from 1779 to 1783 (although, very soon after this date, imitations were being made in Périgord, which had the advantage of possessing a local source for truffles). Clause's pâté consisted of a round pastry case filled with fat livers laid on top of a stuffing of finely-chopped fat pork and veal. The pâté was then covered with a pastry lid and baked in a low oven. Contades was so pleased

with his chef's invention that he sent a pâté to his master, the gourmand King Louis XVI. Within a few years, the fame of pâté de foie gras had spread throughout Europe, with pâtés despatched from Strasbourg and Périgord travelling as far as England and Russia. In the 19th century they found a fan in the Iron Chancellor, Bismarck, who used to consume the best part of a whole pâté as a cure for indigestion. The original pâté de foie gras is no longer available commercially. These days, "pâté" is a mixture of foie gras and pig's liver, which is also true of "galette", "purée" or mousses de foie gras. The words for which to look out are "bioc de foie gras" or "foie gras", which will mean reconstructed livers, or the more expensive "foie gras entier" where you will be buying a whole lobe or part of a lobe from the goose or duck.

Food for Thought Pass the proper pâté

Fattened livers are as old as agriculture. They were popular with the Romans (who gorged their geese with figs), the Jews and with central Europeans, to the degree that a lot of foie gras today comes from Israel and Hungary. In general, ducks and geese bred for their livers are treated rather better than other poultry in the UK; they enjoy the freedom of the farmyard, queue-up at feeding times, and are slaughtered at any time after their 14th week. It is a pernicious myth that their livers explode. Any creature which had died from cirrhosis of the liver would be quite inedible. Until recently, the only foie gras available on the British market was shipped in tins and pots by firms such as Georges Bruck of Strasbourg. Recently, however, the Real Foie Gras Company and the Roux

Brothers - through their butchers' shops, Boucheries Lamartine - have been selling foie gras trais (fresh foie gras) of the sort favoured by housewives in France. Livers come either raw, and need to be cooked at home, or "mi-cuit" (semi-cooked), which can be eaten normally with hot toast and butter. One of the most popular uses of semi-cooked foie gras is in the so-called *salade-foie*, which

used to be found on virtually every French menu a decade ago. A vital ingredient appeared to be crunchy, just-cooked green beans; otherwise just about anything could be found in a *salade-foie*, from Dublin Bay prawns and truffles to new potatoes. The foie gras, in thin slivers, crowned the whole. Fresh raw livers also have their uses. Apart from baking your own terrine in the oven by adding a little Armagnac, port or sauternes, they can simply be fried for a few minutes in a pan and served up with some wild mushrooms. I have seen them used very successfully as a stuffing for quails. Decorated with about a kilo of truffles, this used to be one of the favourite entrees of King Edward VII. An unusual way of serving fresh foie gras is in *tournedos* Rossini. A *tournedos* is a piece

Giles MacDonogh

Advertisement for Audemars Piguet watches, featuring the text 'THE FINE ART OF SIMPLICITY.' and 'Audemars Piguet La plus prestigieuse des signatures.' It includes an image of a watch and contact information for various London and Swiss locations.

Wine Champagne: a crisis looms

CHAMPAGNE IS enjoying its greatest surge in popularity since the Belle Epoque before World War One. In Britain, for example, imports last year passed the 20m-bottle mark for the first time. To the Champenois this is less good news than might be expected; the expression that I heard most often was "too much". The reason is that there are insufficient stocks to support these sharp annual increases in sales, and next month's unusually early vintage is not foreseen to produce the huge, 1989-type vintage needed. The *maisons* (merchants) face a shortage of grapes, now particularly serious when they are trying to provide for growing sales, because every additional bottle sold has to be replaced by three more bottles in order to maintain the three-years' stocks they deem necessary for marketing fine champagne - and five years' for the vintage. The fact is that the current shortage is artificial rather than real and has little to do with the size of the vintage. It is caused because about half of each year's crop of grapes is retained by the growers, either to make champagne to market

Wine Champagne: a crisis looms

themselves, or to make still wine (*vin clair*) and bottled champagne (*vin sur latte*) to sell at a bigger profit later, or to send the grapes to a co-op. Whatever the purpose, it is more profitable than selling the grapes as picked. On the other hand these assured additional profits are only made possible because Champagne's world-wide reputation is the result of the promotion campaigns of the *grandes marques* and other quality producers. And the growers, whether or not they commit themselves to the six-yearly contracts to supply grapes to the *maisons*, are fully aware of this. Currently, therefore, the trade body, the Comité Interprofessionnel, is making increasing efforts to divert grapes into the merchants' press-houses; not so much as because it is pro-merchant, but because it takes a wider view of the industry, not least as an important source of foreign revenue for the French Government. Last year the bonus to those who supplied grapes at the vintage was increased; and before next month's unusually early vintage - expected to start on September 15 - the Comité will be at least in the back-ground when a price is fixed for the grapes. A vital new six-year contract is up for signing next May, and to encourage the growers in advance the price this year may be sharp-

Wine Champagne: a crisis looms

ened. Otherwise it is feared that the percentage of growers who commit themselves may drop a little. At the same time a good deal of activity has been taking place to limit the share of the crop that the "Buyers-Own-Brand" (BOB) merchants can claim. This proportion is based on sales in the previous year. Last year most of the merchants received only about 70 per cent of their sales. The result may be that supermarket-champagne customers will either have to pay more for their bottles, or these will be less plentiful. Not surprisingly, the *grandes marques* houses do not take kindly to "supermarket champagnes" - although few can afford to remain outside them, as they sell at least 50 per cent of champagne bought in France. The merchants claim that these BOB firms undercut them in price and in quality. While most of the 29 *grandes* *marques* can survive this, it hits hard on the smaller firms, such as Gosset, Georges Goulet, Alfred Gratien, Bruno Paillard and Philipponat, who maintain quality and a three-year stock rotation. However, it will not be easy to prise British drinkers from the supermarkets, where many bought their first champagne. The term "quality," which the Champenois rightly regard as their life-raft in a rising sea of sparkling wine, is not easy to define and promote. Those who drink "supermarket champagne" are probably unfamiliar with, say, Roederer or Bollinger, let alone Krug. Like Lafite and Latour they are accepted as superior wines, but comparative experiences between them and *petits châteaux* are likely to be limited; and for champagne a price difference of at least 55 or 65 a bottle is a barrier to this. Another sign of the coming crisis is the impending plant-

Edmund Penning-Rowsell







ARTS

Mark went berserk, Jim revisited Alphonso, David Isabella Linda, Ron got cholera and was thrown overboard, and Moele sold Lesley to Nioh Dunning for an orange.

The director Max Stafford-Clark hit on the engaging idea of keeping the playwright George Farquhar on camera with rehearsals for a revival of his comedy 'The Recruiting Officer' in a series of letters.

Stafford-Clark's comments include a salutary reminder of the slough of mediocrity that attended our national art-form as market forces came to dominate the theatre in the 18th and early 19th centuries.

Stafford-Clark is remarkably restrained in his observations on subsidy, the struggles of a semi-national theatre against ludicrous economic odds and the new philistinism.

The substantial cast changes prompt the query whether every new member of the company endured the soul-searching of last year's originals.



Julian Wadham and Ron Cook in George Farquhar's 'The Recruiting Officer'

That 18th-century feeling

Martin Hoyle on Max Stafford-Clark's book and revivals at the Royal Court

Silvia who follows her soldier love disguised as a man, and her newly rich cousin Melinda - the spiky, questioning modernity of the actresses concerned has been replaced by amore recognisably 'period' style.

Stafford-Clark is remarkably restrained in his observations on subsidy, the struggles of a semi-national theatre against ludicrous economic odds and the new philistinism.

The substantial cast changes prompt the query whether every new member of the company endured the soul-searching of last year's originals.

es in love more than her predecessor, perhaps at the price of a certain blandness.

Melinda is played with intelligence and wit by Kathryn Hunter who puns out her lines in a cheeky lurch and sails through the part with the instinctive style of (one imagines) a young Athene Seyler.

The problem of asides, of treating the audience as a confidant, has led to some over-ingratiating charm - suitable to Julian Wadham's rickish but good-hearted Finne, the class echoes just right, the suggestion of leasurway reprobate emerging as a decent house-captain (the Prince Hal syndrome) perfectly placed.

lazy critical cop-out word; but no other applies in the face of this extraordinary actress's timing, phrasing and perfectly judged gestures.

The production excels in the portrayal of the brutal dehumanisation of what would become Australians.

Still, the better play gets the better performance. Already some of the speeches in 'Our Country's Good' sound mechanical, their original meaning forgotten.

Musical theatre to a degree

W HILE Oxford University has always resisted the idea of establishing a Department of Drama, details have emerged over the past few years of a Visiting Professorship of Drama and Musical Theatre to be financed by a benefaction of £1.75m by the West End impresario Cameron Mackintosh.

looking for any return on his investment beyond a strength-giving of purpose and ambition among my students with an idea of working in the musical theatre.

interest, the musical theatre, was met with vigorous approval by Sir Patrick Nell, the Vice-Chancellor.

Andrew Lloyd Webber are conducting under the auspices of the Vivian Ellis Award.

Whatever Mackintosh's ultimate motives might be, the offer has been welcomed as generous and imaginative by many students and University dons.

That activity has become increasingly fractured over the past 20 years and the closure of the Oxford Playhouse has been a sad loss.

One of the good things about Oxford theatre was always its informality and tendency to give talented amateurs their head.

Stephen Sondheim the students and his own staff, who are now scattered all over the world, wherever there is a production of his.

Michael Coveney

Records

Music that caught the ear of Napoleon

THE EXCUSE for returning at this stage to the theme of the Revolution must be that among these single CDs there are unusual things worth hearing as well as some barrel-scrappings.

Another hymn by Rouget de Lisle, the "Chant du Neuf Thermidor" (on the occasion of Robespierre's downfall), also arranged by Berlioz, is a good tune of the same type.

Invaluable, one would imagine, for illustrating lectures. Soloists and small vocal groups are accompanied by guitar, harp and harpsichord.

do not know. His Rondo op. 17 is a pretty thing. Louis-Emanuel Jaidin (1768-1853) appears during his long careers to have served every régime in turn.

There are excerpts from longer works including 'Lélio' and 'L'Enfance de Christ', and the (to my ears) dreadfully unfunny burlesque drinking-song from 'Balthazar et Bénédicte', done with the necessary twangling instruments.

WEST LONDON ANTIQUES FAIR. Kensington Town Hall, 80 Strand, off Kensington High Street, W8. August 17th - 20th.

Records section with various CD recommendations and prices.

Radio Practical pity

WITH Parliament up, it seemed odd to begin Radio 4's week with a series called 'Talking Politics', but it seems this will only be talking about what politicians like reading.

Cook's special talent is to keep sentimental matters unsentimental. The ugly routine of the detoxifying unit, with its load of helpless boozers unwillingly fighting their addiction, was given barrack-room directness, even the customary religious usage.

Truckin' Maggie!, Radio 4's Sunday afternoon play, was less political than it sounds. The winner in the 1989 World Service script-writing competition, it was the first radio play of American Diane Ney.

Cath told Colin that she enjoyed their "screwing together", and this phrase upset him. "Making love" was his style.

It is fated of good jokes, well played under Gordon House, and features Michael Horder, reading Magna Carta in Latin. If Nigel is back at his Oxford college, he must now listen to Glen Campbell's three hours of A to Z of Country Music on Radio 2 on Thursdays.

white poodles, is open-minded about clothes at least. Her imperious nature is marked, however, when her first entrance is heralded with fortissimo Bach on an invisible organ.

Earnest updated

THIS IMPORTANCE marks the debut at the Everyman, Cheltenham, of his new Artistic Director, Martin Houghton. He has wisely chosen to start with a familiar play that we all reckon we know - those two amorous dandies, the witty young ladies, the pontifical middle-aged lady with the line about the handbag.

And here we have changed on the third intellect. The curtain first rises on a large handbag, centre stage, and nothing else. Around it is a pillared set by Nettie Edwards, the new Head of Design, with white clouds on sky-blue. Out of the bag climb Lane (Bill Monks), and furniture slides into place around him until a sitting-room has created itself.

Give or take such details, the words, and the jokes, are pretty much as Wilde wrote them in 1895. But the second intellect has concealed them behind a screen of fantasy.

As for allowing utilitarian Miss Prism (Garric Davies) to dance with her pupil Cecily (Abigail Thaw) into the garden before settling down to horrid, horrid German, I can only say that such things may happen in leasop-houses but not in the home counties.

Advertisement for KHEETA cigarettes, featuring a picture of a person and text about the brand.



SPORT

Michael Thompson-Noel reflects ruefully on a horse-racing deal that failed to yield the hoped-for profit That's not Niagara - it's my money!

JUDGED PURELY on the figures, I appear to be a candidate for Twit of the Year. In the spring of 1987, I bought two shares in a company called Newmarket Thoroughbred Racing & Chasing (NTRC) at a cost of £295 each. The company's aim had been to buy 2,000 shares, producing £790,000 with which to buy up to 25 racehorses and pay for their training and racing. What it actually sold was 783 shares, producing £239,285 - a drop in the oil well to a horse-mad racing sheikh but still a worthwhile sum to the likes of you or me.

It is an axiom of British racing that - except in rare instances - your money starts to whosh away with a deafening roar from the moment you have anything to do with ownership. Do not speak to me about cocoa, soy beans, platinum or pork bellies because the whackiest commodities roller-coaster of its existence, I am now in a position to see precisely where the money went with such a whooshing roar.

(a quiet affair attended by just seven shareholders): "We haven't made a lot of money but we've had some successes and fulfilled our objectives." Where did the money go? Remember that the sale of shares attracted a start-up sum of £309,285. Purchases of bloodstock accounted for £147,149. When sold, these horses recouped £25,300, so that the deficit on buying and selling horses was £281,849. Prize-money yielded just £17,198 from 80 races.



In forming and publicising such a company (£24,408), it is easy to see how the initial capital sum of £309,285 was boiled down rapidly to the amount that is now left in the kitty (£21,008) from which various expenses are yet to be deducted. I have always known that training and racing costs were

the bottom of the market where NTRC operated. Let us take a look at a few of the horses that passed through its ownership. The sound you can hear is that of money whooshing. Elegant Stranger. This was NTRC's one big success. He was bought at the Doncaster sales for 5,000 guinees plus VAT (£5,837.50), won two races as a two-year-old and was placed second four times as a three-year-old. He was re-sold for £1,550.

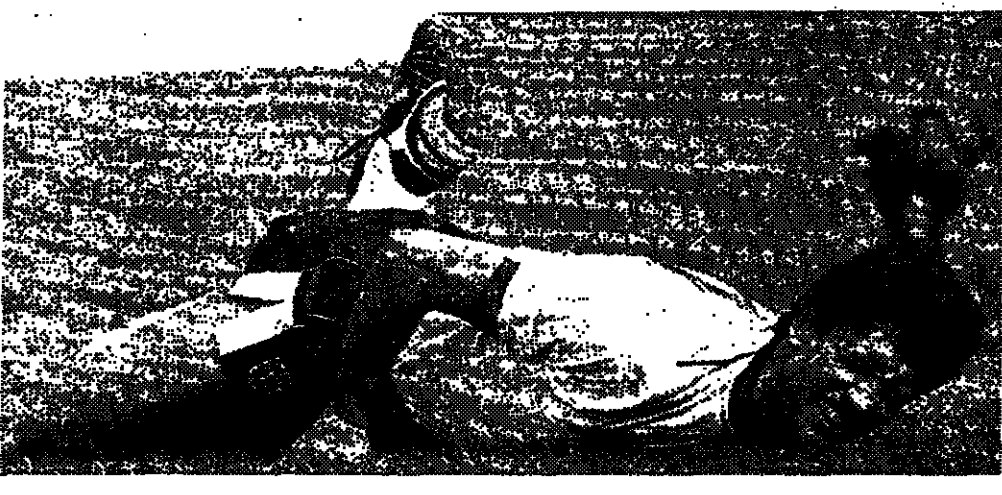
Starmy Eve. An appalling little madam. You might have seen her on the telly, behaving like a cow at Sandown and refusing to go down to the start, a performance which sent her value crashing. She had cost us £3,822.50. Eventually, she was exported to Italy for 800 guineas. Some Italians spend that much on a sweater. I hope that she is safe and well and minding her p's and q's.

THIS IS NOT the weather for the soccer season to start. Footballers, my outlay was £790, of which I will recover £26. Call me Super Twit. But I am not downcast. I am not particularly upset. Come to that but at least I approached the venture with my eyes open, well knowing what a hazard

will guide his battered England side to the World Cup finals, where once again they will be found wanting at the highest level. This will also be the season when Scotland qualify for the finals, allowing the players to sweep into Italy on a wave of public optimism which dis-appointments will turn sour

Suddenly, soccer is back. Philip Coggan views the season's prospects An end to summer's dream

Readers of the Financial Times will appreciate that, in all the best-run companies, there is a price at which even the most highly-priced assets must be sold. Tottenham got a very good price, £4.25m, for Chris Waddle. After all, Spurs paid only around a third of that for Gary Lineker (pictured), the leading scorer in the last Premier League season. It should be able to use the remaining cash to strengthen his defence, traditionally Spurs' weak link.



of the Arsenal side is in mid-field where Michael Thomas, Kevin Richardson or Paul Davis when he is fit) and David Rocastle feed the much-improved Alan Smith and the promising Paul Merson at the front.

By introducing a sweeper system with Tony Adams and Steve Bould - that the European ban on English clubs does not condemn British sides to tactical sterility. All in all, they are a team with soccer's weak link and, thankfully, are much more entertaining to

watch than the side produced by former manager Don Howe. Despite the re-emergence of north London as a footballing stronghold, the team to beat this season will once again be Liverpool. In each of the past two years, the Merseyside club have been just one game short of competing the League and

CROSSWORD

No. 7,010 Set by CINEPHILE Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday August 23, marked Crossword 7,010 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday August 26.

Crossword puzzle grid with numbered squares and some pre-filled letters.

- ACROSS 1 Disburse about a cent if you want to calm down (6) 2 Wintry fall coming up in spring (6) 3 Fall, getting drier? (6) 4 Have Paul destroyed in convulsion (8) 5 Fair sort of railway? (5) 6 Top bill, and man has problem (6) 7 Fair sort of railway? (5) 8 Part of the tree of knowledge? (4) 9 Basic food for fiber at parliament (6,4) 10 Food that could be ground by day (clue's crazy) (6,4) 11 Saint Bees may be 'ere (4) 12 Conversational model in yacht building (6) 13 Novice entering tart is pressing (8) 14 Home to suit rodents - one left inside (8) 15 Old city chap is pressing (6) 16 A wifely loud inmate to change key (8) 17 Search frantically for second drink? (6)

TELEVISION & RADIO SATURDAY

- ANGLIA 11:30 am Britain, 7:40 pm Film: Rising Damp, with Leonard Rossiter, 8:30 Hoopman, 10:20 News, 11:15 Film: Psycho II, with Anthony Perkins. BORDER 11:30 am The Chart Show, 12:30 pm Britain, 1:30 pm Film: A Man Could Get Killed, with James Garner, 2:30 Hoopman, 3:30 News, 4:30 Film: The Long Riders, with Kevin Costner, 5:30 News, 6:30 Film: Married... With Children, with Robert Mitchell. CENTRAL 11:30 am The Chart Show, 12:30 pm The Football Show, 7:40 Film: Rising Damp, with Leonard Rossiter, 8:30 Hoopman, 10:20 News, 11:15 Film: Psycho II, with Anthony Perkins. CHANNEL 4 11:30 am The Chart Show, 12:30 pm The Football Show, 7:40 Film: Rising Damp, with Leonard Rossiter, 8:30 Hoopman, 10:20 News, 11:15 Film: Psycho II, with Anthony Perkins. GRANADA 11:30 am The Chart Show, 12:30 pm Britain, 1:30 pm Film: The Long Riders, with Kevin Costner, 2:30 News, 3:30 Film: Married... With Children, with Robert Mitchell. ULSTER 11:30 am The Chart Show, 12:30 pm Britain, 1:30 pm Film: The Long Riders, with Kevin Costner, 2:30 News, 3:30 Film: Married... With Children, with Robert Mitchell. YORKSHIRE 11:30 am The Chart Show, 12:30 pm Britain, 1:30 pm Film: The Long Riders, with Kevin Costner, 2:30 News, 3:30 Film: Married... With Children, with Robert Mitchell.

SUNDAY

- ANGLIA 11:30 am Britain, 7:40 pm Film: Rising Damp, with Leonard Rossiter, 8:30 Hoopman, 10:20 News, 11:15 Film: Psycho II, with Anthony Perkins. BORDER 11:30 am The Chart Show, 12:30 pm Britain, 1:30 pm Film: A Man Could Get Killed, with James Garner, 2:30 Hoopman, 3:30 News, 4:30 Film: The Long Riders, with Kevin Costner, 5:30 News, 6:30 Film: Married... With Children, with Robert Mitchell. CENTRAL 11:30 am The Chart Show, 12:30 pm The Football Show, 7:40 Film: Rising Damp, with Leonard Rossiter, 8:30 Hoopman, 10:20 News, 11:15 Film: Psycho II, with Anthony Perkins. CHANNEL 4 11:30 am The Chart Show, 12:30 pm The Football Show, 7:40 Film: Rising Damp, with Leonard Rossiter, 8:30 Hoopman, 10:20 News, 11:15 Film: Psycho II, with Anthony Perkins. GRANADA 11:30 am The Chart Show, 12:30 pm Britain, 1:30 pm Film: The Long Riders, with Kevin Costner, 2:30 News, 3:30 Film: Married... With Children, with Robert Mitchell. ULSTER 11:30 am The Chart Show, 12:30 pm Britain, 1:30 pm Film: The Long Riders, with Kevin Costner, 2:30 News, 3:30 Film: Married... With Children, with Robert Mitchell. YORKSHIRE 11:30 am The Chart Show, 12:30 pm Britain, 1:30 pm Film: The Long Riders, with Kevin Costner, 2:30 News, 3:30 Film: Married... With Children, with Robert Mitchell.

ous troubles. Finally sold privately to go point-to-pointing for £4,000. Another very expensive failure. He cost £5,704.50 but was sold for £400. Easy Line. Cost £3,560, and actually won twice on the Flat. Sold privately for £3,000. Lucayan Gold. Cost £16,800. He had two runs over hurdles and several runs on the Flat without success, although he was thought to have run an excellent race against top-class hurdlers at Huntingdon on one occasion. Sold for £7,500. And so it went. Naturally, the people who sell and train racehorses always insist that there is more to the sport of kings than dollars and cents. There is the matter of "psychic payout" - that ecstatic glow of pleasure and satisfaction that is reckoned to descend on you, bringing years of happiness to your eyes, even while the horse that you own, or are associated with, is finishing last or savagely in a manner bound generally in a manner bound to send his value plummeting. I do not envy the Maktoums. At present, they are winning everything in sight. The money is rolling in. But that cannot draw the vast roar of the money that is whooshing out.

Cup double. In 1988, they froze against the underdogs, Wimbledon, in the Cup final. Last May, they made the mistake of taking a heavy negative attitude in the game against Arsenal; when a team start time-wasting by passing the ball back to the goalkeeper, they deserve to lose. But the strengths of Liverpool a squad so strong that it can survive injury and send its players, like Steve Nicol, versatile enough to swap positions as the situation demands - mean that the club are virtually certain to add another trophy to their already straining cabinet. As a resurgent Manchester United Brian Clough's Nottingham Forest (who so nearly won three Cups last season) and the return of Chelsea to the championship race could be a close-run thing. I think Liverpool will regain the League title, leaving Manchester United and Tottenham to share the cups. One prize for which the clubs ought not to be competing, however, is a place in European competitions. In our guts, we all know that English supporters will get drunk, cause trouble and disgrace us again. England has no right to inflict its social problems on other countries. By the time the major competitions are decided, though, the future of the game may have changed radically. Lord Taylor will produce his final report in December, and he has left until then the big issues such as membership cards, all-seater stadiums and alcohol. The proposals made in the interim report, although undeniably sensible, were designed only as holding measures until the full report is produced. Inevitably, media attention concentrated on the stringent criticism directed at the police role in the events at Hillsborough. How many people is not enough. There has to be some way for people who enjoy football to watch it in decent conditions without their safety or their civil liberties being endangered. There will be no instant solution. The troubles that affect football also concern housing, vandalism, rural violence and holiday boomtowns in Spain. Some combination of all-seater stadiums and restrictions on the use of alcohol might reduce the problems; but, every Saturday, there is the chance that the football headlines will be dominated by hat-tricks but by hooligans.

